0856-B-03

PREX 7.10: FBIS-EAS-92-22

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Daily Report

Annex

East Asia

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ANNEX 12-A5

FBIS-EAS-92-227-A
Tuesday
24 November 1992

JB 99-014328

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JL: 29-35; 41

COMPLETED

East Asia
ANNEX

FBIS-EAS-92-227-A CONTENTS *24 November 1992*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

ANNEX

Japan

Clinton's Efforts for Economic Security Viewed *[YOMIURI SHIMBUN 20 Nov]* .... 1 — II
* JDA Bureau Chief Interviewed on Cambodia Trip *[GUNJI KENKYU Oct]* .... 1 — II
LDP's Ozawa Speaks on Political Reform *[BUNGEI SHUNJU Dec]* .... 7 — 59

North Korea

Article Examines Kim Chong-il's Money Source *[Tokyo SANKEI SHIMBUN 19 Nov]* .... 13 — 65

Japan

Clinton's Efforts for Economic Security Viewed

OW2111060892 Tokyo YOMIURI SHIMBUN in Japanese 20 Nov 92 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Editorial: "Next U.S. Administration Seeks Economic Security"]

[Text] U.S. President-elect Bill Clinton's ideas about his administration have gradually become clear. As stated in his election pledges, Clinton aims to form an administration which will attach importance to domestic affairs and center on economic issues through such efforts as policy formulation, personnel appointments and organizational readjustments.

Since the first Democratic administration in 12 years is to be inaugurated, the people cherish strong expectations. Clinton himself advocates a "people first policy," and has indicated to foreign countries his approach for giving priority to economic affairs.

Only recently, Clinton has repeatedly stated that "the top priority task concerns economic reconstruction." He also stresses that it will take time to achieve economic recovery, however, and asks the people not to have excessive expectations.

Reducing financial deficits, creating jobs, strengthening industrial competitiveness, improving the social infrastructure, and reforming the medical system—all these issues constitute difficult problems. The point at issue is whether it will be possible to reconcile financial reconstruction and investment expansion; and tax increases for high-income earners and tax reductions for medium-income earners on the one hand and the strengthening of competitiveness on the other. Moreover, in the process of policy making, it can be expected that pressure will come from Congress under Democratic leadership, and also from various lobbyist groups.

It is reported that next month, Clinton will call an "economic summit" to be participated in by industrialists, economists and others to study the new administration's economic policy. Moreover, as far as the personnel issue is concerned, Clinton plans to give priority to selection of the presidential assistant and cabinet member in charge of economic affairs so as to get ready for drawing up policy rapidly.

To set forth feasible policies within the 100 days following the president's inauguration is of extreme importance for the implementation of policy thereafter. We would like to watch whether Clinton will be able to distinguish from between long-term objectives and short-term policies, and prioritize policies and then carry them out.

Clinton's determination to carry out economic reconstruction is also indicated by his intention to readjust governmental organs. In order to cope with the new age following the end of the cold war, Clinton in considering a plan to establish a new economic security council at the White House, which will be at the same level as the National Security Council.

The Economic Security Council, which will be presided over by the president, will be in charge of policy coordination between presidential assistants and various departments and agencies. This plan is based on the idea that the true security of the United States is supported not only by its military power but also by its healthy economic power.

Moreover, for the purpose of unifying trade policies, the functions of the trade representative's office will be strengthened. Since Vice President-elect Al Gore is enthusiastic about the promotion of an environmental policy, it is reported that the establishment of a Department of the Environment is now being studied.

Such an organizational reform also reflects Clinton's policy of attaching great importance to domestic issues. It is most likely that the United States will hereafter promote a diplomacy that gives priority to economic interests, and that it will be quite different from the U.S. diplomacy promoted so far. It will cause trouble if the United States—while overstressing economic reconstruction—takes a protectionist position attaching importance to domestic interests.

Economic reconstruction in the United States is essential to world stability. Moreover, in this complicated post-cold war world, the presence of the United States is indispensable to the accelerated creation of a framework for international security.

Clinton has advocated continuity in diplomacy, a reduction in defense spending, maintenance of world's most powerful military, and a strengthening of the functions of the United Nations. It still remains unknown as to what concrete concepts he has so far taken, however.

We hope that while promoting its economic reconstruction, the United States will clearly define its new responsibilites as well as roles in this post-cold war world.

* JDA Bureau Chief Interviewed on Cambodia Trip

932B0002A Tokyo GUNJI KENKYU in Japanese Oct 92 pp 28-37—FOR OFFICIAL USE ONLY

[Interview with Shigeru Hatakeyama, director of the Japan Defense Agency's Defense Policy Bureau, on his Cambodia trip, by Haruyuki Suzuki, publisher of GUNJI KENKYU: "The Full Picture of the Self-Defense Forces' Peacekeeping Operations Unit"]

[Text] **Prior to the dispatch of a PKO [peacekeeping operations] unit, the first fact-finding team recently made an inspection visit to Cambodia, led by Defense Policy**

II

Bureau Director Hatakeyama, who heads the intraministerial bureaus of the Japan Defense Agency [JDA]. Through the visit it was decided that Japan would primarily take charge of National Routes 2 and 3. In the following interview, questions are asked point-blank as to the actual local situation, details of the unit to be dispatched, the substance of the expected missions, and measures to cope with the unfamiliar environment.

In Charge of National Routes 2 and 3

[Suzuki] Your recent four-day inspection visit to Cambodia as director of the Defense Policy Bureau seems to have been a very hasty one as you had to leave here so abruptly. What were its purposes?

[Hatakeyama] The plan to send the second inspection team, which left yesterday (11 August), was formulated quite a while ago. In order for this team to carry out its inspection in a concentrated and effective manner, we thought it necessary to know roughly what area Japan would take under its charge. Otherwise, the team will have to inspect the whole land of Cambodia, and this is impossible. Therefore, one of the purposes [of my first team] was to learn privately what area the UNTAC [United Nations Transitional Authority in Cambodia] was generally asking Japan to take under its charge at this point of time.

This purpose was achieved, and we now know that National Routes 2 and 3 are under our responsibility. The current inspection team is thus able to concentrate its inspection on Routes 2 and 3.

As to the other purpose, the dispatch of the unit members is, of course, carried out on the order of the director general, and it would be extremely inappropriate if I had never been to Cambodia, as one of those who are in charge of dispatch-related administration. Therefore, I had long thought that I needed to feel and see the Cambodian environment directly, and then have the unit go there. I was thus able to achieve this purpose as well through my inspection visit.

[Suzuki] How is the climate there?

[Hatakeyama] It is very hot there.

[Suzuki] Is the humidity also high?

[Hatakeyama] It is high to some extent. When the wind blows, the place may be cooler than Japan, but it is hot even at night there.

[Suzuki] I suppose you met many people there including UNTAC Chief Akashi. What subjects did you discuss with Mr. Akashi?

[Hatakeyama] The talks I had there were not concrete ones with some specific persons. The chief aim of my trip was to decide what area Japan will have under its charge, and this was what I discussed with Chief Akashi and Military Representative Sanderson as I just mentioned.

[Suzuki] So you made a field trip by car to inspect Routes 2 and 3. What was their condition?

[Hatakeyama] I took Route 3 from Phnom Penh and drove halfway down it, then changed to Route 25. Next, I drove onto Route 2 and returned to Phnom Penh. Thus I did not see all of the area.

As far as the places I visited are concerned, Route 3 has about an 11-km section where the road is bumpy, with red clay showing up above its surface, where a car can run only at a speed of about 20 km per hour. The other part of Route 3 is in generally good condition. Traffic is also heavy there.

Route 2 is narrow, and red clay can also be seen coming out onto its surface in most places, where drivers can make only about 20 km per hour. Route 2 is in badly damaged condition.

[Suzuki] Are those damages the traces of bombardments?

[Hatakeyama] I do not think so. I do not know what the reason is, but we see rolls of red earth, exposed by pelting rain. It is inconceivable that bombardments could mangle the road at specific sections so severely.

[Suzuki] Did you also cross bridges?

[Hatakeyama] Of course, I did.

[Suzuki] Are there many bridges?

[Hatakeyama] As far as the places I visited are concerned, there were not as many as I expected. I do not know how many there are in the southern sector, though.

[Suzuki] I hear that bridges have only a single-lane width.

[Hatakeyama] Most bridges have a single traffic lane. People on the one side have to wait until those on the other side pass through. The bridges are not very long.

Engineer Unit Fully Able To Cope With Situation

[Suzuki] Some doubt that a Japanese engineer unit is fully able to repair such roads and bridges. Are you sure it can do the job?

[Hatakeyama] This kind of work is right up its alley, so I am not worried.

I am frequently asked "if Japan can do the work or not," but like other countries, Japan will "undertake things that are within its power." Our Self-Defense Forces [SDF] are a competent group. Its troops can do as good a job as the units from other countries. Each country is doing things within its power, and to be honest, our unit is not going there to build something like the Yokohama Bay Bridge. It will simply build temporary bridges. As for roads it will only do repair work. In this sense, there is no problem at all.

III

[Suzuki] According to television and newspaper reports, the unit is to go around and rebuild bridges and roads in Cambodia.

[Hatakeyama] It is the kind of work to be discussed at the reconstruction stage. At the present stage, the unit has to do temporary repair jobs needed only for UNTAC activities. The jobs are not directly for public welfare in Cambodia.

[Suzuki] Although the unit is said to do emergency work, it will still build bridges and the like, will it not?

[Hatakeyama] It will build them when necessary.

[Suzuki] Building bridges is quite a difficult job, is it not?

[Hatakeyama] I do not think so. The bridges to be built will be short, and the unit will simply put up bridges made from latticed panels which we may call Bailey bridges.

[Suzuki] In other words, the SDF unit will install them there by using its own materials, will it not?

[Hatakeyama] No, it will not. Materials are offered by the UNTAC.

There Can Be No Place That Is 100 Percent Safe

[Suzuki] Is there a danger from mines?

[Hatakeyama] It is unthinkable.

[Suzuki] It is reported that there is a danger from mines on some sections of Route 3.

[Hatakeyama] There may be some danger. This means that we cannot guarantee 100 percent that there are no mines. This is something no one can tell really.

[Suzuki] Indeed, there are many unfounded reports.

[Hatakeyama] I think no one can guarantee 100 percent that there are no mines. However, it is hard to believe that mines are hidden on Route 3 where traffic is very heavy. If they were laid there, they must have already been exploded.

[Suzuki] Routes 2 and 3 run southward from Phnom Penh, and I understand that this area is under the control of the government, that is, the Heng Samrin faction, among four factions in Cambodia, is it not?

[Hatakeyama] It may be possible to say so; however, there is not much indication that the area is within any particular faction's sphere of influence. With many cars and people traveling there, the area does not seem to belong to any particular faction.

[Suzuki] Then, is the area not directly involved in the dispute?

[Hatakeyama] Not quite.

[Suzuki] If you say the area is not under the control of any specific force and also not directly involved in the dispute, it must be a safety zone having little to do with UNTAC's aim to realize peace in Cambodia, must it not?

[Hatakeyama] No, absolutely not. There are many monitors stationed along Routes 2 and 3. An election is to be held next year, and monitoring the election is also one of the tasks of the PKO. Cease-fire watchers, civilian policemen, and election monitors are thus deployed across the whole land. On this score, it is necessary to repair Routes 2 and 3 for their activities and their supplies. In this sense, the area has high priority.

[Suzuki] From the debate on the PKO Cooperation Bill, the people at large got the impression that Japan's PKO unit would operate under the safety-first rule, and since the debate the mass media have also kept saying that the unit will work only at safe places, departing from the UNTAC's original peace-keeping missions. I thought that these reports were true after all, when I heard that Japan would have Routes 2 and 3 under its charge. This is why I just asked this question.

[Hatakeyama] I think that you have a good viewpoint. I, too, asked questions from the same viewpoint during my visit.

I asked if the area needed the stationing of the Japanese unit at all, or if it should be stationed at a less dangerous place in Cambodia. In response, I was told that the area was a densely populated grain belt.

Querying again, I made the following remark: I understand the area is a densely populated grain belt, but Japan is sending its unit to support the UNTAC's activity, so I still do not see why the unit should be sent to the area simply because it is a granary where many Cambodians are living. I was answered that my argument was beside the point because many cease-fire watchers, election monitors, and civilian policemen were deployed there, making the area very significant for UNTAC operations.

[Suzuki] There has been the prevailing perception that the SDF unit will operate somewhat separately from the UNTAC main force, and I have been feeling that this way of operation will be unnatural. However, if what you are saying is true, I think that the unit to be dispatched will find its job worthwhile.

Area Under Its Charge Is Infested with Bandits

[Suzuki] I suppose that our unit will also have close cooperative relations with PKO units from other countries. Did you visit PKO units already there?

[Hatakeyama] I left here so suddenly that I could not make previous appointments. In fact, I tried to make such appointments after arriving there, but it was impossible to make arrangements at such short notice. While moving around, my team happened to see a German

IV

medical unit from a distance, and to watch a Chinese engineering unit working at Phnom Penh Airport, but we did not actually visit any units.

[Suzuki] Will the road repair work include its pavement?

[Hatakeyama] The question is whether to cover the road with the red clay called laterite in a layer of a certain thickness or to spread gravel. I felt that when laterite was used, the road would return to its original condition due to rain. This was my impression. In my personal view, we will not be asked to do that much, and I feel the pavement work should follow the other simple method. Otherwise, the unit will have to do the same work again and again.

[Suzuki] I understand that concrete details of the work will not be decided, pending the outcome of the investigation by the second fact-finding team.

However, it is somewhat pitiful for the SDF unit to engage only in the road repair work. Japan has many leading engineering and building companies in the world, so I feel that it would be better if the work were entrusted to these companies.

[Hatakeyama] It is said that in the present Cambodia there is still no place that is 100 percent free from danger. Therefore, it is dangerous to entrust the work to private firms alone. Bandits frequent the area, and we cannot utterly rule out the presence of the Pol Pot faction there. Some of those bandits might be moving under the control of the Pol Pot faction or they might be deserters from the faction. Considering the present situation, it is totally impossible to distinguish and identify them in this regard.

[Suzuki] In murder cases involving Vietnamese, it has not been clear whether the criminals are simply bandits, members of the Pol Pot faction, or deserters from the faction. It is said that members of the Son Sann faction are also turning into brigands.

[Hatakeyama] Because such incidents take place at times, we cannot dispatch civilians. It is impossible to dispatch private companies at the will of the government in order to contribute to the UNTAC activity, a prerequisite for the reconstruction of Cambodia.

[Suzuki] There seems to be a rumor that the airport will also be renovated partially.

[Hatakeyama] Japanese are sober by nature. When I heard that the Japanese unit would be responsible for Routes 2 and 3 under its charge, I—like other Japanese—thought that the unit would keep working only with those two roads. However, I learned that I was wrong in my conjecture. I was told that after the end of the rainy season in particular, the UNTAC Headquarters would assign different areas on its own judgment to Japanese, Chinese, and other units everyday.

Therefore, the Japanese unit will not work only with Routes 2 and 3 on a permanent basis. It will thus be sent to more heavily damaged places for repair work or face at times the need to divide itself to work at separate places. I heard that such cases were happening there constantly. I was told that the work at the airport could be one of these cases.

[Suzuki] I see that it is necessary to cope with the situation in a flexible manner.

[Hatakeyama] Yes, it is. However, the jobs should be limited to those that can be done by an engineering unit. The unit cannot conduct airlifting or medical activities.

Six-Month Rotation

[Suzuki] Routes 2 and 3 have a length of 285 km altogether, and the work is expected to last a considerably long time, although the length of time depends on the details of the work. It is said that the dispatched unit will be relieved by a six-month rotation, but I feel that six months is rather a long time under such harsh circumstances, is it not?

[Hatakeyama] From a commonsense standpoint, it is reasonable to think so. However, the duration could be long, appropriate, or too short, depending on the way you see it.

I say this because it is improper to hurriedly withdraw the unit about the time it has got familiar with the locality to some extent and finally become able to work on a full scale. In this context, the term of its stay should be reasonably long; otherwise, work efficiency can hardly be maintained.

Moreover, if that [the 6-month term] is what all other countries of the world is observing, it is unwarranted for Japan alone to pull out the unit earlier out of pity for it, breaking the UNTAC rule. An international rule should reasonably be followed, should it not? The minesweeping party sent to the Persian Gulf last year was not relieved for five months—two months for outward and homeward journeys and three months on the scene of operations in a hellish scorching heat.

I feel inclined to favor a quicker rotation when I consider the severity of the work as well as the desirability of as many people as possible experiencing this operation, as it is the first international peacekeeping cooperative activity for us. However, if the six-month rotation is the UNTAC's decision although we have not yet confirmed it formally at this point in time, we should follow the rule.

Thai, Polish, and Chinese engineering units are already there, and I think our unit should naturally keep step with them.

[Suzuki] Will the lodging facilities there be provided by the United Nations?

[Hatakeyama] That will depend on time and circumstances. Earlier arrivals are said to have more chances to receive them in the neighborhood of Phnom Penh. A slight delay could prevent us from finding proper ones.

[Suzuki] It may become necessary to bring in temporary lodging facilities from Japan, may it not?

[Hatakeyama] It is said that prefabricated houses will be supplied if we make an early application to the UN Headquarters.

[Suzuki] The Australian team is said to be using tents.

[Hatakeyama] They may be good if used only a week or half a month, but we cannot use tents for a long period.

[Suzuki] I understand that we will provide our own supplies regarding all living necessities such as food and water. The water there is reportedly bad, and so our unit is said to bringing purifying apparatuses as well with it. Are there any other things that the unit had better bring with it in particular?

[Hatakeyama] The karaoke [an amusement system in which records or cassette tapes carry only background music so as to provide an accompaniment to sing with] and the videoplayer are necessary. The unit is expected to work at places off Phnom Penh, and so it will be unable to make a constant return to Phnom Penh. Therefore, it will have to set up a forward base somewhere and live there. In such a case, in the evening there will be nothing around the unit except dead darkness, and it is thus desirable to let them have something in which its members can find individual comfort.

[Suzuki] How are the sanitary conditions there?

[Hatakeyama] The sanitary conditions cannot be good because eight kinds of preventive vaccinations are said to be required there.

[Suzuki] I hear there is also malaria. The habit of using the mosquito net no longer exists in Japan, but I think the item will also be necessary there.

Will Weapons Be Carried?

[Suzuki] Well, it seems that the area is relatively a safe place, but will the unit carry weapons there?

[Hatakeyama] Nothing has yet been decided on it.

[Suzuki] I suppose the unit will bring some weapons with it.

[Hatakeyama] I am afraid that my remark may cause some misunderstanding, but I would like to dare say this: Let us assume that the unit will not carry them with it, but I will still say in public it is carrying them. Saying to the contrary is tantamount to widely announcing to brigands and bandits that you are invited to attack the unit because it is so weak and fragile.

To tell the truth, I do not want people to ask me such a question. Everyone in the mass media would like to ask this question. It will reduce the effect of deterrence. Therefore, in case I say the unit will not carry them, you can still imagine that in my heart I am saying the unit must carry them.

I wonder why people do not have a sense of security in this regard.

However, needless to say, the range of armament allowed to us is limited; therefore, in case the unit carries weapons, its armament, of course, will not exceed the limit.

[Suzuki] I know it because carrying and using weapons was a controversial issue during the debate on the PKO Cooperation Bill.

However, it was a strange debate. No essential arguments were made on the whole with debaters simply making lengthy remarks on imaginable rifle-shooting cases which were 99 percent unlikely to happen actually.

[Hatakeyama] At a stage where we are practically dispatching a unit to Cambodia, an open discussion as to whether the unit should carry weapons or not and how many and what arms should be carried will allow the enemy to obtain information.

[Suzuki] In such a case, the enemy may attack our unit with more powerful arms. If arms are not carried, it will give the other side more chances to strike the unit.

[Hatakeyama] That is right. We must give the utmost priority to the safety of the unit to be dispatched.

[Suzuki] That is a point as plain as ABC, but only a few persons in the Defense Agency and the SDF can say it with this much clarity. At any rate, even matters of common sense are not understood in the Diet. You cannot plead with the Diet members not to hurl such a question, can you? [laughter] As was mentioned before, it seems not clear if the murder cases involving Vietnamese were the work of bandits or the Pol Pot faction. We may thus say that the area is not a safe place at all.

There are many Vietnamese in Cambodia, and it is said that some of them are Vietnamese troops still remaining there and that these troops have also concealed their weapons somewhere. Did you get any indications there in this regard?

[Hatakeyama] Mine was a short-term trip, and so I could not grasp things that much. However, the Pol Pot faction takes issue on this point, and this point appears to touch the Cambodians' heartstrings.

No PKO Ever Carried Out Without Hearing Sound of Gunfire

[Suzuki] Cambodia has a strong antipathy and ill feelings toward Vietnam and the Vietnamese in a historical perspective, and taking advantage of this national trait the Pol Pot faction is wielding the theory that it cannot comply with the request to disarm its force as long as all Vietnamese troops are not pulled out, is it not?

[Hatakeyama] I am not quite sure if the logic represents the united will of the entire Cambodian people including the government.

The election is scheduled to be held next year, but it seems difficult to discern Vietnamese in deciding qualified voters. What is more, some Vietnamese are of Cambodian nationality and have been settled there for a long time.

The question is what the legitimate government will do after being formed through the election, but it is hard to comment on it at this stage.

[Suzuki] What is the general atmosphere there with regard to the cease-fire agreement, which is regarded as a precondition for sending a PKO unit?

[Hatakeyama] The prevailing view there is that the cease-fire accord is an established fact as long as the Paris peace agreement is in force with authority.

[Suzuki] The Pol Pot faction appears to be putting off the effectuation of the agreement itself, does it not?

[Hatakeyama] It is not that the faction is putting off the effectuation of the Paris peace agreement. The agreement already exists there, but the faction is simply not complying with the request to disarm. As things stand now, it is hard to think that the cease-fire accord has been broken. It is said that the boom of cannons is heard there, but it is simply the sound of a mortar fired at times. Therefore, I think it is a gross exaggeration to say that combat actions are going on there. In this context, there is no problem at all in sending an engineer battalion.

[Suzuki] Is it not Japan's precondition that disarmament should begin first because it says that otherwise, it will not participate?

[Hatakeyama] It is utterly wrong to think so. Our position is that the cease-fire accord is already in effect because there is the peace agreement.

The PKO activities have been carried out at various places for 40 years, but none of them has ever been conducted without hearing the sound of gunfire. Because there is gunfire, these countries are sending their troops and carrying out the PKO activities. A PKO activity is a process for further consolidating peace, and so this process is not needed where it is calm from the outset.

This is a matter of international common sense though arguments are often made on this point. I got the feeling that the key UNTAC members including Mr. Akashi were also thinking as follows: it is nonsense to say that Japan's precondition is now impossible to be satisfied because the sound of gunfire is heard.

[Suzuki] We, too, regard it as a matter of common sense, but in order to have the law passed the government kept making evasive answers, thereby leaving this point ambiguous. Perhaps, partly because they were facing the election then, the prime minister and ruling party leaders were making such answers for some time. Are there now any persons who are still making that kind of remarks?

[Hatakeyama] I think that an understanding has now been reached in this regard.

Personal Feelings Are Taboo

[Suzuki] As long as we can remember, the PKO Cooperation Bill has chiefly been promoted by the Foreign Ministry, and the ministry was so anxious to get the bill through the Diet hastily that it ignored the actual conditions of the Defense Agency and the SDF, which are to play a major role in the PKO activities, and also invited the imposition of numerous restrictions on the dispatch of troops. Do you not think that the dispatch of the SDF may end fruitlessly if the Foreign Ministry, the promoter, fails to make active diplomatic moves to persuade the Pol Pot faction and establish the new government, and thus discontented elements continue to remain there?

[Hatakeyama] I hear that influences will be exercised toward the Pol Pot faction. At any rate, it cannot be our option to look on with folded arms on the grounds that the Pol Pot faction is not complying with the request to disarm and that there still remain discontented elements.

If this is our choice, what can we say about other countries that are already participating in the UNTAC. Are they doing something useless and nonsensical after all? On what ground can our country be an exception? We cannot choose to stand idle now simply because we fear our efforts might prove useless.

[Suzuki] What I am saying is that Japan should take the strong leadership and keep making diplomatic efforts.

[Hatakeyama] However, such efforts presuppose a response from the other side, and we do not know if the other side will make the response. In addition, Japan is not the only one that should assume responsibilities. China, Thailand, and France, too, may be required to make diplomatic efforts. It is absurd if Japan alone argues that it will not participate in the PKO unless diplomatic efforts are also made.

I think that we should keep making diplomatic efforts on the one hand, and in parallel with these efforts we also have to carry out PKO activities. I think that even the activities as carried out under the present conditions will never be useless. I would not wish for anything better if the activities are of even a little help in realizing peace. I do not think it proper to act slowly and hesitatingly.

[Suzuki] Mr. Akashi, a Japanese, is working as the representative there, and this may encourage you to do a fruitful job, may it not?

[Hatakeyama] Emotionally, I would like to have the unit carry out a good job, and I cannot deny that I have such a feeling. However, we should not bring personal feelings into play, that is, we should not expect something from

FOREIGN
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Daily Report

East Asia

FBIS-EAS-92-227
Tuesday
24 November 1992

VIII

Daily Report
East Asia

FBIS-EAS-92-227 CONTENTS *24 November 1992*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Miyazawa Orders Resolution of Rice Ban Dispute *[KYODO]* 1
Opposition to Open Rice Markets To Continue *[KYODO]* 1
Business Fears North American 'Trade Shield' *[KYODO]* 2
Miyazawa Hopes for 'Early Meeting' With Clinton *[KYODO]* 2
Talks on Complaint by U.S. Airline Proposed *[KYODO]* 3
Company Drops Plan To Import Sushi From U.S. *[KYODO]* 3
Tropical Timber Meeting Postpones Agreement *[KYODO]* 3
Adjustment of Security Council Structure Urged *[KYODO]* 4
Peruvian Elections Noted, Aid Pledged 'Soon' *[KYODO]* 4
Miyazawa: Nation's Distrust of Government Abnormal *[KYODO]* 4
Official 'Indirectly' Urges Takeshita To Resign *[KYODO]* 5
Kanemaru's Hospital Bedside Questioning Scheduled *[KYODO]* 5
3 Percent Rise in Operations Spending Planned *[KYODO]* 5
Finance Minister on Tax Reduction, GATT Talks *[KYODO]* 6
Tokyo Reveals Plans To Issue Construction Bonds *[KYODO]* 6
Companies Cut Back Capital Investment Plans *[KYODO]* 7
Industry Leaders on Economic Recovery Outlook *[KYODO]* 7
Leading Economic Index Stays Below 50 Percent *[KYODO]* 8

North Korea

KCNA Details U.S. 'Provocative' Air Exercise 8
Koreans in Japan Denounce Alleged Murder by GI *[KCNA]* 8
Accusations of Nuclear Development Denounced *[Pyongyang Radio]* 8
Demand for Inspection of U.S. Bases Reiterated *[KCNA]* 9
Daily Stresses Need To Increase Coal Production *[Pyongyang Radio]* 9

South Korea

* U.S. Concerned Over North-South Rice Trade 11
    * Rice Issue Resurfaces *[CHOSON ILBO 10 Oct]* 11
    * Viewed as Internal Affair *[MAEIL KYONGJE SINMUN 9 Oct]* 12
U.S.-EC Agriculture Row Bolsters Stance on Rice *[YONHAP]* 13
Seoul Soon To Deliver Remaining Loans to Russia *[YONHAP]* 13
SRV Opens Liaison Office in Seoul *[YONHAP]* 14
Chinese Businesses Invest $1 Million This Year *[YONHAP]* 14
Nation Importing Less From U.S., Japan *[THE KOREA TIMES 21 Nov]* 14
More Details on Revised DPRK Constitution *[CHOSON ILBO 24 Nov]* 14
* North's Business, Import Tax Laws Viewed *[CHUNGANG ILBO 20 Sep]* 15
Trade Body Cites North's 'Dire Economic Straits' *[YONHAP]* 16
Daily Interviews Major Presidential Candidates 17
    DLP's Kim Yong-sam *[CHOSON ILBO 17 Nov]* 17
    DP's Kim Tae-chung *[CHOSON ILBO 18 Nov]* 19
    UPP's Chong Chu-yong *[CHOSON ILBO 20 Nov]* 20
Daily Reviews Parties' Election Strategies *[HANGUK ILBO 23 Nov]* 22
* Post No Tae-u DLP-Government Ties Previewed *[HANGYORE SINMUN 3 Sep]* 23
Investigators Probe Military Sales Scandal *[THE KOREA TIMES 24 Nov]* 24
    Logistics Commander Relieved *[YONHAP]* 24

IX

* Policy Specialists Discuss Opening of Economy *[SISA JOURNAL 8 Oct]* ... 25
Annual Growth Plunges to Lowest Level Since 1980 *[YONHAP]* ... 28

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

UNSC Urged To Accept 8 More Nonpermanent Members *[BERNAMA]* ... 29
Minister on Uruguay Round, U.S.-EC Compromise *[BERNAMA]* ... 29

Singapore

Viet Refugees Hospitalized After Hunger Strike *[THE STRAITS TIMES 24 Nov]* ... 30

Cambodia

Sihanouk Condemns Attacks on FUNCINPEC *[AFP]* ... 31
Gunmen Ambush UN Election Registration Team *[AFP]* ... 31
Sihanouk Greeted by Russian President on Birthday *[Phnom Penh Radio]* ... 31
Interior Minister Visits Banteay Meanchey 17 Nov *[Phnom Penh Radio]* ... 32
Heng Samrin Chairs Council of State Meeting *[SPK]* ... 32

Indonesia

Further Reportage on Arrest of Fretilin Chief *[Jakarta Radio]* ... 32
    Red Cross Barred From Seeing Gusmao *[AFP]* ... 32
Editorial Views Cambodian Peace Process *[KOMPAS 10 Nov]* ... 33
Accord Reached With Malaysia on Border Security *[Kuala Lumpur Radio]* ... 34
Finance Minister on Bank Management, Foreign Debt *[THE JAKARTA POST 11 Nov]* ... 35

Laos

Schedule Set for Paying Homage to Kaysone *[Vientiane Radio]* ... 35
    Editorial Grieves for Kaysone *[Vientiane Radio]* ... 36
Phoun Sipaseut Receives UNICEF Official *[Vientiane Radio]* ... 36
Defense Minister Speaks to Southern Region Unit *[Vientiane Radio]* ... 37
Anti-Marijuana Committee Set Up in Champassak *[Vientiane Radio]* ... 37

Philippines

Ramos Speaks on U.S. Ties at Subic Bay Turnover *[Quezon City Radio]* ... 37
Probe of Alleged Chemical Waste at Bases Ordered *[Manila Radio]* ... 39
NUC Opposes New NDF Conditions for Peace Talks *[Quezon City TV]* ... 39
Government Temporarily Releases Renegade Officers *[Manila Radio]* ... 40
Editorial Criticizes Singapore Minister *[PHILIPPINE DAILY INQUIRER 22 Nov]* ... 40
    Senators Assail Suggestions *[Manila Radio]* ... 40
ADB Approves $100 Million Forestry Project Loan *[Manila Radio]* ... 41

Thailand

Minister Welcomes UN Decision on KR Sanctions *[BANGKOK POST 24 Nov]* ... 41
Rangoon Reportedly Reinforces Border Positions *[BANGKOK POST 24 Nov]* ... 41
DPRK Technicians Working in Agriculture, Mining *[YONHAP]* ... 41
Crown Prince Returns From Vietnam Visit 20 Nov *[Bangkok TV]* ... 42
Ruling Coalition Urged To End Policy Conflicts *[BANGKOK POST 24 Nov]* ... 42
Opposition Not To File Censure Motion *[THE NATION 24 Nov]* ... 43
15 Injured as Army Troops Storm Police Station *[BANGKOK POST 23 Nov]* ... 43
    Police To File Charges *[THE NATION 24 Nov]* ... 43
    Editorial Urges 'Firm' Action *[THE NATION 24 Nov]* ... 44

X

Navy To Split Into Three Regional Commands *[THE NATION 21 Nov]* ... 45
Official Views Effect of Baht on Regional Economy *[THE NATION 23 Nov]* ... 45
Regional Drug Law Enforcement Meeting Held *[Bangkok Radio]* ... 46
Government Warns Stock Exchange, Watchdog Agency *[THE NATION 23 Nov]* ... 46

Vietnam

VNA Reports End to 20th Joint MIA Search ... 47
'Contradictions' Remain in Ties With PRC *[Hanoi International]* ... 47
Significance of PRC Premier's Visit Discussed *[Hanoi Radio]* ... 48
Further Reaction to Lao President Kaysone's Death ... 48
    Party, State Leaders To Attend Funeral *[Hanoi Radio]* ... 48
    Party, State Send Condolences *[Hanoi Radio]* ... 48
    NHAN DAN Editorial Mourns *[Hanoi Radio]* ... 49
    Government Announces 3 Days' Mourning *[Hanoi Radio]* ... 50
    Top Leaders Pay Tribute in Hanoi *[Hanoi Radio]* ... 50
New VWVA President Holds News Conference *[Hanoi Radio]* ... 50
French President or Premier To Visit 'Next Year' *[AFP]* ... 51
CPV Delegation Visits China *[VNA]* ... 51
Japanese Cultural Delegation Visits *[VNA]* ... 51
Philippine Minister Holds News Conference 12 Nov *[Hanoi Radio]* ... 51
    13 Nov News Conference Reported *[Hanoi International]* ... 52
Do Muoi Receives Hungarian Socialist Party Leader *[VNA]* ... 52
Cuban Party, Government Delegation Leaves 20 Nov *[VNA]* ... 53
Maritime Development Corporation Established *[VNA]* ... 53
Success of Foreign Exchange Trading Center Noted *[VNA]* ... 53
Government To Launch Data Access Service *[VNA]* ... 53
State Bank Issues Cash-Equivalent Settlement Notes *[Hanoi TV]* ... 54
Nong Duc Manh Visits Bac Thai Province *[Hanoi TV]* ... 54

AUSTRALASIA

Australia

Evans: Sanctions Against Khmer Rouge 'Unlikely' *[Melbourne International]* ... 55
Jakarta Urged To Allow ICRC To Visit Rebel *[Melbourne International]* ... 55
Keating Urges Solomons, PNG To Talk *[Melbourne International]* ... 55
Ray Criticized on Possible SRV Defense Ties *[Melbourne International]* ... 55

New Caledonia

Government, Business Groups Visit New Zealand *[AFP]* ... 55

Solomon Islands

Mamaloni 'Strongly' Denies Supporting Motion *[Melbourne International]* ... 56

Tonga

Radio Banned From Mentioning Democracy Convention *[AFP]* ... 56
    Democracy Conference Opens *[AFP]* ... 56
    King's Rule Said 'Barbaric' *[AFP]* ... 57

Japan

Miyazawa Orders Resolution of Rice Ban Dispute

OW2411040592 Tokyo KYODO in English 0345 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Prime Minister Kiichi Miyazawa ordered senior officials to meet Tuesday to resolve differences over whether Japan should lift its ban on rice imports to help conclude the Uruguay Round of multilateral trade talks.

Miyazawa ordered the meeting after two of his top cabinet ministers said Japan should make concessions or make a "political decision" on the ban, and two others insisted it should be maintained.

Foreign Minister Michio Watanabe and Trade Minister Kozo Watanabe both indicated that they favor lifting the ban, with the trade minister urging Miyazawa to make a "political decision."

Farm Minister Masami Tanabu and Finance Minister Tsutomu Hata both said the ban should be retained. Hata said the government should make every effort to have rice made an exception under the trade round.

Kozo Watanabe, head of the Ministry of International Trade and Industry, told a news conference after a regular cabinet meeting, "it is politics that finally uses brains. Prime Minister Miyazawa should make a decision."

Miyazawa told Chief Cabinet Secretary Koichi Kato to coordinate a meeting of vice ministers from the farm and foreign ministries.

Japan, which argues that it must ban imports to protect the domestic rice industry so as to safeguard its self-sufficiency in food, has opposed proposals by the General Agreement on Tariffs and Trade (GATT), which is overseeing the Uruguay Round, to replace import restrictions with tariffs.

The issue is coming to a head with the resumption of talks by GATT expected in Geneva shortly following the settlement of a dispute on farm trade between the United States and the European Community (EC).

Referring to divisions in the largest faction of the ruling Liberal Democratic Party, Kozo Watanabe said Miyazawa "could make full use of his authority" once the row within the faction is resolved.

Asked when the Uruguay Round will be concluded, Watanabe said it may not be possible by the year-end, and that one possible date is January 20, when U.S. President-elect Bill Clinton takes office.

Agriculture Minister Tanabu told a separate news conference, "Japan's position is unchanged in asking for amendments of the proposed across-the-board tariffication." He indicated that the time has not yet come to change the policy.

Tanabu also suggested he would keep watching coordination within the EC, pointing to the objections being made by France to the U.S.- EC agreement.

Foreign Minister Watanabe, who is also deputy prime minister, hinting at the need for Japan to make concessions, said every country involved was concerned about the possibility of the trade round collapsing. Every country should make whatever concessions it could, he said.

He added that the Foreign Ministry alone could not go its own way. "It is a matter on which the Liberal Democratic Party and the government must work together to make a decision after careful investigation."

Opposition to Open Rice Markets To Continue

OW2411103492 Tokyo KYODO in English 1003 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Japan reaffirmed Tuesday it will continue to oppose the opening of its rice market in the Uruguay Round of global trade negotiations.

Chief Cabinet Secretary Koichi Kato said Japan will compromise when necessary, but will pursue its basic stance on the rice issue.

Kato made the remark to reporters in regard to a reported rift of views among government leaders on whether to open the rice market to imports.

After the United States and the European Community reached a farm trade settlement over the weekend, Foreign Minister Michio Watanabe and Trade Minister Kozo Watanabe suggested Japan may yield on the rice issue for the sake of a successful conclusion of the world trade talks.

Farm Minister Masami Tanabu and Finance Minister Tsutomu Hata insisted the ban on rice imports should remain.

Kato said, "Rice is not the only issue at stake in the new round (of global trade talks). We are ready to compromise when it is necessary, but we will continue to pursue our basic policy concerning the rice issue."

Japan virtually bans rice imports, claiming such a step is necessary for national food security. It has opposed a proposal to replace the import ban with tariffs.

Kato said the government will decide what action to take after General Agreement on Tariffs and Trade head Arthur Dunkel lays down the future schedule for multilateral negotiations at a meeting in Geneva on Thursday.

Earlier Tuesday, Prime Minister Kiichi Miyazawa ordered a meeting of senior officials to straighten out their differences over the rice issue.

At the meeting, they reaffirmed Japan will maintain the existing policy on the rice issue after the matter is dealt with at a later cabinet session, government sources said.

Akio Kyoya, vice minister of agriculture, forestry and fisheries, predicted Japan, the United States, and the EC will hold bilateral negotiations on rice and other pending issues in Geneva along with multilateral talks.

Jiro Shiwaku, vice minister of agriculture for international affairs, will be sent to Geneva to explain Japan's rice policy at high-level working sessions, ministry officials said.

The officials said Japan will present its own proposal on the rice issue, seeking exemption of rice from tariff items.

More than a few government officials are concerned Japan's opposition to tariffs on rice imports may lead to its isolation in the international community as it is one of the few countries opposing the tariffication proposal, the officials said.

The United States, under strong pressure from its farmers, has pressed Japan to open its rice market.

The ruling Liberal Democratic Party, rocked by a money and mobster scandal, is in a dilemma since the liberalization on rice imports may lose the backing of farmers, who have been the main source of support for the party.

Business Fears North American 'Trade Shield'

OW2411083292 Tokyo KYODO in English 0809 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Japan's blue-ribbon business lobby Keidanren urged North American countries Tuesday to resist any inclination to develop their recently completed trade accord into a regional trading bloc.

The Federation of Economic Organizations sent its written request to the United States, Canada, and Mexico, asking them not to form a trade shield against the rest of the world.

Since the three countries struck a deal in August on the North American Free Trade Agreement (NAFTA) aimed at lowering trade barriers in the region, fears have been building among other nations the pact means discrimination against them.

Keidanren said in the letter, "While NAFTA can serve as a step forward to achieving global free trade, it may facilitate a tilt toward regionalism if it includes such agreements as raising trade and investment barriers against other countries."

To eradicate such concerns, the federation called on the three countries to let their accord be scrutinized by world trade watchdog, the General Agreement on Tariffs and Trade.

More specifically, it called for lowering tariffs for trading partners outside the region as well as modifying the stringent requirements on local parts content as envisaged by the auto provisions of the pact.

The agreement provides that in order to pass duty-free across borders, passenger cars, light trucks, and their engines and transmissions must have been produced with at least 62.5 percent North American parts and labor.

Other types of vehicles are required to include at least 60 percent of local components.

Miyazawa Hopes for 'Early Meeting' With Clinton

OW2411093392 Tokyo KYODO in English 0918 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Prime Minister Kiichi Miyazawa expressed hope Tuesday for an early meeting with U.S. President- elect Bill Clinton.

He also said he hopes sweeping political reform would be enacted in the next regular Diet session.

Miyazawa spoke on domestic and diplomatic issues at a meeting of the budget committee of the House of Representatives which started deliberations Tuesday on the fiscal 1992 supplementary budget after the ruling Liberal Democratic Party and opposition parties broke nearly a fortnight of Diet deadlock over the Tokyo Sagawa Kyububin money-and-mob scandal last Friday.

He said he hoped to have an early meeting with Clinton so that the two leaders can discuss issues of mutual concern.

The premier said in his telephone call to Clinton shortly after the Arkansas governor was elected in the November 3 presidential election that Japan and the United States should maintain close ties to fulfill their global responsibilities.

Turning to a domestic issue, Miyazawa said that after pushing ahead with emergency political reform in the current extraordinary parliamentary session, "I long for the implementation of sweeping reform in the next Diet session."

"The comprehensive reform would alone complete the political reform that the nation wants to see," Miyazawa said in response to questions from Sadao Yamahana of the opposition Social Democratic Party.

Miyazawa has pledged he would draw up the reform program by November.

The plan is expected to include a new electoral system, overhauling the multiple-seat constituency formula and tightening control on fund-raising.

The LDP and most opposition parties have agreed on a package of emergency political reforms, including requirements on the disclosure of the assets of parliamentarians and confiscation of illicit donations.

A bill to reallocate seats of the lower house to reduce the vote value disparity will also be submitted to the current session as part of the emergency package.

The plan would add nine lower house seats to constituencies with high populations and eliminate 10 seats in less-populated electorates.

In a related move, a special panel of the LDP's political reform headquarters decided to propose four draft plans aimed at introducing single-seat constituencies for lower house elections.

Miyazawa also described the nation's distrust of politics as "something abnormal" he has never experienced before in his political life.

"I am to a great extent aware of the national distrust (of politics). The less-than-expected progress in political reform has triggered the strong national criticism," the premier said.

He stopped short of outlining specific measures to cope with the outcry, bluntly saying, "mismanagement of politics would constitute the cause of later trouble."

Miyazawa, along with Farm Minister Masami Tanabu, said Japan will contend its stance of effectively banning rice imports in global trade talks despite a breakthrough farm trade accord reached last Friday by the U.S. and the European Community.

Talks on Complaint by U.S. Airline Proposed

OW2411114892 Tokyo KYODO in English 1115 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Japan has proposed discussions on a complaint by United Airlines at Japan-U.S. aviation talks to be resumed early next year, government sources said Tuesday.

The U.S. airline recently filed a petition with the U.S. Government, seeking negotiations on its complaint about Japan's refusal to allow it to extend its New York-Tokyo route to Sydney.

United Airlines applied to the Foreign Ministry in September for approval of its new route.

Both the Foreign Ministry and the Transport Ministry did not accept the application on grounds that such a petition should be filed directly with the Transport Ministry.

The U.S. airline wants the U.S. Transportation Department to take appropriate measures under the law providing for fair competition in the civil air transport industry.

Company Drops Plan To Import Sushi From U.S.

OW2411120092 Tokyo KYODO in English 1132 GMT 24 Nov 92

[Text] Osaka, Nov. 24 KYODO—A sushi restaurant chain said Tuesday it has dropped a plan to import frozen sushi from Los Angeles and instead will launch a drive to promote sales in the United States.

The Osaka-based company, Sushi Boy, said it will manufacture frozen sushi in Los Angeles for sale across the United States.

A distribution facility owned by Senko Logistics Co., the U.S. subsidiary of Japanese trucking firm Senko, will be leased for use as a production base, the company said.

Senko, however, denied a leasing deal has been made with Sushi Boy.

The company made a sensation last month when it unveiled a plan to import frozen sushi from California for sale at its chain restaurants across Japan.

Fujio Matsumoto, former president of the company and prime promoter of the frozen sushi import program, left the firm over a dispute with other executives and established a new firm specializing in importing frozen sushi from California.

The company, Rice Power, which was incorporated in Kobe, airlifted about 11,000 frozen sushi from California earlier this month for sale in Japan.

The Ministries of Agriculture, Forestry and Fisheries reluctantly approved imports of sushi, provided that raw fish on top of rice weighs at least 20 percent of the total weight of sushi.

Tropical Timber Meeting Postpones Agreement

OW2411115192 Tokyo KYODO in English 1130 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Conservationists said Tuesday that member countries of a world tropical timber body meeting in Yokohama failed to renegotiate an accord because consumer nations do not want its restrictions imposed on trade in temperate timbers.

A preparatory committee of International Tropical Timber Organization (ITTO) members that met in Yokohama on November 11-13 and again on November 23-24 failed to reach a compromise over a new draft of the agreement, which expires in 1993.

But delegates agreed Tuesday to hold a further meeting in Quito, Ecuador, from January 22-30 in a further attempt to resolve the impasse over the International Tropical Timber Agreement.

Francis Sullivan, a forests conservation officer with the World Wide Fund for Nature and an observer at the conference, said Malaysian and Brazilian delegates led producer countries in an unsuccessful attempt to persuade consumer nations to apply the same regulations to temperate forest products.

Sullivan said many producer country delegates attempted to dissuade their tropical timber producer counterparts from supporting the concept of a wider timber organization with the suggestion it would ignore their minority interests.

Simon Counsell, a rain forest campaigner with the Friends of the Earth, said despite the impasse, the meeting achieved a breakthrough with recognition on the part of developing countries that they have "a basis for calling for equity with the developed world."

"Unless there is a truly global treaty regulating the timber trade, they (developing countries) can never expect the kinds of benefits they want to get from timber markets," Counsell said.

One option considered and rejected by delegates to the Yokohama meeting was immediate agreement to temporarily continue with the current accord until a compromise is reached.

Adjustment of Security Council Structure Urged

OW2411075092 Tokyo KYODO in English 0703 GMT 24 Nov 92

[Text] New York, Nov. 24 KYODO—Japan's Ambassador to the United Nations said Monday that the UN should adjust the present Security Council structure to reflect changes in the world order.

Ambassador Yoshio Hatano made the remark at a UN General Assembly meeting focusing on possible changes in the 15-member world body.

The assembly is expected to adopt a resolution next week at the earliest calling on UN Secretary General Butrus Butrus-Ghali to sum up UN member nations' opinions regarding the restructuring in time for next year's general assembly meeting.

Monday's meeting included discussion of ways to restructure the Security Council, which includes five permanent members—the United States, France, Britain, Russia, and China—and ten nonpermanent seats.

Hatano told the assembly that the world currently faces nonmilitary threats, and the UN needs to change the structures of permanent and nonpermanent members in the Security Council.

Hatano did not refer directly to Japan's bid to gain a permanent Security Council seat with no veto power, only indicating its readiness to play a positive role in reviewing the issue.

Japan, the UN's second-largest contributor of funds, currently holds one of 10 nonpermanent Security Council seats that are rotated every two years.

Malaysia, representing the position of nonaligned countries, joined Japan in insisting the time has passed when some "elite" nations monopolize world security issues.

In an effort to secure representative rights for nonaligned regions of the world, Malaysia proposed the formation of associate permanent members without veto powers and increasing the number of nonpermanent members in the security council by eight to 18.

Of the eight additional seats, three nonpermanent member seats should be allotted to Asia and three others to Africa while the remaining two should be given to Central and South American countries, Malaysia said.

Peruvian Elections Noted, Aid Pledged 'Soon'

OW2411082792 Tokyo KYODO in English 0736 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Japan on Tuesday noted the smooth holding of parliamentary elections in Peru and implicitly called on the Peruvian Government to tackle the country's problems within the framework of democracy from now on.

But the Foreign Ministry statement stopped short of "welcoming" or making other subjective remarks on the development.

The statement said Japan "is aware that the recent elections for a democratic constituent congress, pledged at home and abroad by President Alberto Fujimori for the establishment of a democratic regime in the Republic of Peru, have been carried out smoothly."

"Japan hopes that Peru, under parliamentary democracy, will positively tackle the problems facing the country and achieve the rebuilding of the nation," it said.

Fujimori had pledged to call the elections after he dissolved the congress in April and imposed one-man rule, accusing lawmakers of obstructing economic reforms and his efforts to crack down on drug traffickers and leftist guerrillas.

On Monday, Fujimori appealed to Japan and the United States to lift their suspension of economic assistance to Peru.

Ministry sources said Japan will soon implement a 16.6 billion yen pledge made during Fujimori's visit in March.

Miyazawa: Nation's Distrust of Government Abnormal

OW2411050192 Tokyo KYODO in English 0443 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Japanese Prime Minister Kiichi Miyazawa on Tuesday described the nation's distrust of government as "something abnormal" that he has never experienced before.

"I am to a great extent aware of the national distrust (of government). The less-than-expected progress in political reform has triggered the strong national criticism," Miyazawa said in a House of Representatives' Budget Committee session.

He fell short of giving out specific ways to deal with the outcry, however, bluntly saying that "mismanagement of politics would constitute the cause of later trouble."

On Tuesday, the Budget Committee began debating the fiscal 1992 supplementary budget, after the ruling and opposition parties broke nearly a fortnight of Diet stalemate last Friday by agreeing on testimonies to be submitted by three key figures allegedly involved in a widening money scandal involving organized crime syndicates.

Responding to questions from Yuji Tsushima of the ruling Liberal Democratic Party, Miyazawa also said he told U.S. President-elect Bill Clinton by telephone that Japan and the United States should keep in touch with each other to fulfill their global responsibilities.

The prime minister made the phone call shortly after Clinton scored a victory over incumbent George Bush in the November 3 U.S. presidential election.

Masami Tanabu, agriculture, forestry and fisheries minister, also told the session that Japan will stick to its position of maintaining an effective ban on imported rice despite a breakthrough farm trade accord reached last Friday by the U.S. and the European Community.

Official 'Indirectly' Urges Takeshita To Resign

OW2411054792 Tokyo KYODO in English 0527 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—The head of the political reform task force of the ruling Liberal Democratic Party (LDP) on Tuesday indirectly called for former Prime Minister Noboru Takeshita to resign in connection with a money scandal linked to organized crime.

Shigeru Kasuya, chief of the LDP political reform headquarters, said, "although there is some truth in the argument that a lawmaker need not resign unless (that politician's) home constituency demands resignation, it is better to step down if the people in general call for resignation."

He also said a Diet member "should do something to be a model for the people."

Kasuya made the remarks in reference to allegations that a crime syndicate boss was involved in ending an anti-Takeshita smear campaign that had been orchestrated by a rightist group.

Political analysts said that even though Kasuya did not mention names he was referring to Takeshita. Later, however, Kasuya told reporters that he had not called on Takeshita to resign.

Meanwhile, Seiroku Kajiyama, chairman of the LDP's Diet Affairs Committee, said at an LDP meeting that voters and politicians should make their own decisions about the status of Diet members.

Fallen LDP kingpin Shin Kanemaru allegedly indirectly solicited the help of Susumu Ishii, the late leader of Japan's second largest crime syndicate Inagawa-kai, to stop the harassment campaign leveled at Takeshita in 1987 as he was vying for the LDP presidency.

The allegations say Kanemaru contacted Ishii through Hiroyasu Watanabe, the former president of a now-defunct trucking company that is at the center of the current scandal.

Kanemaru's Hospital Bedside Questioning Scheduled

OW2411143492 Tokyo KYODO in English 1419 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Senior members of the House of Representatives budget committee on Tuesday decided to conduct bedside questioning on Friday of former Liberal Democratic Party Vice President Shin Kanemaru over the Tokyo Sagawa Kyubin money scandal, ruling and opposition party officials said.

The 78-year-old disgraced political kingmaker was admitted to a hospital in Odawara, Kanagawa Prefecture, on November 16 to undergo surgery for glaucoma.

The questioning, to be formalized at the committee meeting Wednesday, will take place over two hours, starting at 3 P.M. Friday, at the hospital, the officials said.

Kanemaru resigned from the House of Representatives last month after he received a summary indictment for accepting 500 million yen in illegal political donations from Hiroyasu Watanabe, former president of the now-defunct Tokyo Sagawa Kyubin parcel delivery firm.

Kanemaru allegedly asked Susumu Ishii, the late head of the Inagawa-kai crime syndicate, through Watanabe to quash a harassment campaign by the rightist group Kominto against his associate, former Prime Minister Noboru Takeshita, in 1987. At the time, Takeshita was seeking the LDP presidency and the premiership.

Opposition parties are likely to question Kanemaru on his alleged role in the money and gangster scandal.

Ruling and opposition parties earlier agreed to question Takeshita at the budget committee meeting on Thursday on his alleged ties with mobsters in connection with the 1987 LDP presidential election.

3 Percent Rise in Operations Spending Planned

OW2311090692 Tokyo KYODO in English 0729 GMT 23 Nov 92

[Text] Tokyo, Nov. 23 KYODO—The Finance Ministry plans to increase operating expenditures in the general account budget for fiscal 1993, which begins in April, by about 3 percent from the current year's initial budget to more than 39.5 trillion yen, government officials said Monday.

The 3 percent growth would be slower than the 3.3 percent rise posted in fiscal 1989, the lowest rate seen in recent years, the officials said.

The ministry was forced to trim the operating expenditures amount by more than 700 billion yen from that of requests submitted by ministries and agencies at the end of August for the next fiscal national budget.

The operating expenditures are the core of the general account budget, excluding debt servicing costs and grants to local governments

The strict assessment of the requests focused on curbing defense spending in the wake of the end of the cold war era, the officials said. The cuts would mark the first time such spending has been reduced from levels in the initial budget in the previous fiscal year, the officials said.

The Finance Ministry has decided to expand Official Development Assistance (ODA) by about 5 percent, raising it to the 1 trillion yen level for the first time, to enhance the country's pledge as an economic power to expand its role in the global community.

In the face of a prolonged economic slump, the ministry is expected to accept calls from the Construction Ministry and others to increase spending on public works by 4.8 percent, they said.

Prime Minister Kiichi Miyazawa's cabinet is to start working on next fiscal year's budget at the end of this year.

Finance Minister on Tax Reduction, GATT Talks

OW2411012692 Tokyo KYODO in English 0109 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Finance Minister Tsutomu Hata on Tuesday reiterated his negative stance toward an income tax cut, arguing that a tax reduction would not stimulate the economy as effectively as increased public works spending.

At a news conference after a regular cabinet meeting, Hata stressed that issuing deficit-financing bonds to finance a tax cut will leave a heavy debt-servicing burden to future generations.

Observing that the weak final demand is mainly due to the heavy stock of durable goods in Japanese households, Hata said, "I should say a tax cut would not be quite effective in stimulating the demand."

He also pointed to tight fiscal conditions due to falling tax revenues, and said reducing income tax now would require the issuance of deficit-financing bonds, which is strongly opposed by the Finance Ministry.

A tax cut of 1 trillion yen would lead to some 2.3 trillion yen in debt-servicing costs over the next 60 years, while producing only about 230 billion yen worth of actual increased demand, he said.

Hata's repeated dismissal of an income tax cut came in response to remarks by a senior Liberal Democratic Party (LDP) politician, who made a somewhat positive argument for the reduction Monday.

Hata welcomed the recent farm trade agreement between the United States and European community as part of the multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT).

"We welcome the agreement as a participant in GATT," he said.

But Hata, who boasts strong influence over the Japanese farm lobby, said the government will not budge on the rice issue.

The U.S.-EC agreement is expected to increase pressure on Japan to open its virtually closed rice market.

"We will pour every effort into the attempt to make rice an exception (to the tariffication scheme proposed by GATT Director General Arthur Dunkel)," he said.

Dunkel has proposed the conversion of all import restrictions on farm products into tariffs in order to reduce them gradually.

"Rice is special in the world. We need revisions in the Dunkel paper," Hata said.

Tokyo Reveals Plans To Issue Construction Bonds

OW2411083692 Tokyo KYODO in English 0731 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—The Finance Ministry disclosed plans Tuesday for the government to issue construction bonds worth nearly 8 trillion yen, the annual issue limit for such bonds under the fiscal 1993 budget.

It would be the largest construction bond issue in a single fiscal year, exceeding the 7.28 trillion yen worth of such bonds to be issued in fiscal 1992, ending next March 31.

Ministry officials said the bond issue is planned as a means of covering an expected revenue shortfall in fiscal 1993, when tax revenues are likely to fall short of the previous year's initial budget for the first time in 10 years.

They said a large-scale construction bond issue is mandatory for fiscal 1993 since the government's basic policy is to avoid issuing deficit-covering bonds.

The fiscal 1993 general account revenue's rate of dependency on government bonds is thus expected to exceed the 10.1 percent rate seen in fiscal 1992, the officials said.

This would be a setback for government plans to reduce the rate to less than 5 percent by fiscal 1995 in order to restore the government's financial health.

The officials also said the ministry will basically approve all budget requests for public works-related appropriations to be covered by construction bonds under the fiscal 1993 budget.

They said this is because the budget will be aimed at stimulating the flagging economy.

Companies Cut Back Capital Investment Plans

OW2011131792 Tokyo KYODO in English 0744 GMT 20 Nov 92

[Text] Tokyo, Nov. 20 KYODO—Japanese companies revised downward plans for capital investment for fiscal 1992 to an average 3.9 percent drop from the previous year, the Ministry of International Trade and Industry (MITI) reported Friday.

The revision was down from an earlier forecast of a 1.4 percent fall, the ministry said.

In a report to a committee on industrial funds under the Industrial Structure Council, an advisory body to the Trade Minister, MITI said planned spending in plant and equipment for fiscal 1992 ending next March amounted to 21,123.7 billion yen, down from 21,972.2 billion yen spent in fiscal 1991.

The findings were based on a survey conducted October 1 on 2,204 companies with capital of 100 million yen or more, out of which 1,808 responded.

The downward revision of 2.5 percentage points from the previous survey conducted at the end of March showed that companies were increasingly more cautious in capital investment, the report said.

Manufacturers' revised capital investment plans for fiscal 1992 were down 11.9 percent from the previous year, with that of processing and assembling industries, such as the electronics machinery and automobile sectors, sharply falling 15.8 percent. In March, they had forecast an 8.9 percent year-on-year drop for the current fiscal year.

Nonmanufacturers, excluding electric power companies, also revised plans downward to a 1.5 percent yearly fall from a 3.4 percent rise.

When including electric power companies, which expect an 11.5 percent year-on-year jump, nonmanufacturers' planned capital investment showed a 3.7 percent yearly increase, compared with a 5.5 percent rise.

The report attributed manufacturers' shrinking appetite for capital investment to an increasing need to adjust excessive equipment and plants as a result of active spending in those areas over the past couple of years.

Deterioration of returns from capital investment due to decreasing corporate profits was also attributed to the fall in investment, it said.

With little chance expected for final demand to recover, growing uncertainty over the economic outlook kept companies cautious of spending in plant and equipment, it said.

The report said companies have cut capital investment even in research and development, energy-saving technology, rationalization, and labor-saving as such investment will not lead directly to profits in the short-term.

It also said corporate fund-raising efforts would be increasingly more difficult.

For fiscal 1993 starting next April, an average 1.5 percent yearly fall in capital investment was expected by some firms. Many of the polled companies did not present plans for next fiscal year due to uncertainty over the economic outlook, the report said.

The committee report offered a four-point proposal to help boost the economy; first, action should be taken to expand domestic demand by prompt and steady implementation of the government's pump-priming measures approved in late August.

Second, the government should encourage companies to continuously and actively spend on plant and equipment to improve mid- and long-term infrastructure development, such as for research and development, efficient energy consumption, rationalization, and labor-saving, it said.

It also stressed the need to improve the fund-raising climate by lowering interest rates on borrowing and to promote foreign direct investment.

Industry Leaders on Economic Recovery Outlook

OW2411114692 Tokyo KYODO in English 1054 GMT 24 Nov 92

[Text] Tokyo, Nov. 24 KYODO—Most industry representatives, calling the current economic situation worse than in 1986, are looking forward to recovery in the latter half of 1993, the Economic Planning Agency reported Tuesday.

The agency said the report was based on outlooks conveyed by representatives of 10 industries, including steel and automobiles, at meetings held between late October and early November.

Most of the those attending the meetings said present conditions are worse than in 1986 when the Japanese economy retreated under the impact of a steep rise in the value of the yen against other currencies, it said.

The EPA said the representatives showed a cautious stance concerning dismissals of workers to tide over the difficulties although some industries, such as machine tool and audio visual equipment manufacturing, are considering applying to the government for employment adjustment subsidies.

Many industries are trying to improve profitability amid the protracted business slump, it said.

The steel industry said it has almost completed inventory adjustment while electronics makers said the process will carry over into next year, according to the agency.

Leading Economic Index Stays Below 50 Percent

OW2011091392 Tokyo KYODO in English 0440 GMT 20 Nov 92

[Text] Tokyo, Nov. 20 KYODO—The key forecasting gauge for the Japanese economy remained below the "boom or bust" 50 percent line in September for the second consecutive month, the Economic Planning Agency said Friday.

It said the index of leading indicators, designed to forecast economic activity three to six months ahead, stood at 36.4 percent in September, against 25.0 percent in August.

If the figure is above 50 percent it is regarded as a sign that the economy will expand, and if less than 50 percent it is viewed as a sign that the economy will contract.

The index of coincident indicators, showing current economic trends, remained unchanged at 33.3 percent, staying below the 50 percent line for the second straight month.

The index of lagging indicators, which shows past trends, stood at 8.3 percent, remaining below 50 percent for the seventh successive month.

North Korea

KCNA Details U.S. 'Provocative' Air Exercise

SK2211085792 Pyongyang KCNA in English 0802 GMT 22 Nov 92

[Text] Pyongyang November 22 (KCNA)—The U.S. imperialist aggressors brought overseas-based KC-135 tanker plane to the South Korean airspace to stage a provocative air refueling exercise on November 19 and 20, according to military sources.

On the 20th, the tanker plane which flew to the air above the sea northwest of Jeju Island from Guam refueled in the air nuclear-capable fighter-bombers in an exercise of returning to the base after making surprise intensive air raids on points of military importance in the strategic depths of the northern half of Korea.

On the 19th and 20th, overseas-based tanker planes refueled in the air warplanes belonging to the U.S. Air Force in South Korea and the South Korean puppet air force which were mobilized in an air war exercise in the air above the sea off Kunsan and Kangnung.

On the same days, the South Korean puppets fired tank guns and large-calibre guns in Paju, Cholwon and Yonchon counties, South Korean Kangwon Province, as part of provocative moves against the North, and armed bandits belonging to the puppet army incited a war fever, firing 12.7 mm large-calibre machine guns and M-16 rifles.

Koreans in Japan Denounce Alleged Murder by GI

SK2011122692 Pyongyang KCNA in English 1024 GMT 20 Nov 92

[Text] Tokyo November 18 (KNS-KCNA)—Kim Chong-su, chairman of the Association of Koreans in Japan for Peaceful Reunification, released a statement on November 17 denouncing the murder of a South Korean woman by a U.S. soldier.

He branded as an intolerable crime the bestiality of the U.S. soldier in killing a defenceless woman with a death tool and the submissive act of the South Korean authorities who transferred the murderer to the U.S. forces, not punishing him.

Entering this year 160 cases of crimes by GIs were reported, but none of them was detained, he said, and added:

This is a typical example showing the submissive attitude of the South Korean authorities who do not dare utter a word about the atrocities of the U.S. soldiers.

Accusations of Nuclear Development Denounced

SK2311142992 Pyongyang Korean Central Broadcasting Network in Korean 1150 GMT 21 Nov 92

[Yun Pyong-son commentary: "They Should Stop Kicking Up the Commotion of Doubting Nuclear Development"]

[Text] The U.S., Japanese, and South Korean authorities are now madly kicking up a nuclear commotion, blurting as if we were developing nuclear weapons. However, many rational people of the world have a different view.

There have been reports contradicting the possibilities of nuclear development in our country. Ronald Lehman, director of the U.S. Arms Control and Disarmament Agency, recently said that doubts over North Korea's nuclear development dominating in Washington are diminishing because of the nuclear inspections being conducted by the International Atomic Energy Agency [IAEA] and the North-South joint declaration on denuclearization. He also said he has no information that Pyongyang has made nuclear weapons.

We can say this is a fair opinion about the objective realities of our country whose nuclear development is limited to peaceful purposes.

As everyone knows, we do not possess nuclear weapons. We have neither the ability nor the intent to develop nuclear weapons. We do not need to do so. We do not want to be in nuclear confrontation with any country. Moreover, it is beyond imagination that we, who value man's life above all, would develop nuclear weapons to annihilate fellow countrymen.

Our innocuous nuclear policy has already been proven clearly through several IAEA irregular inspections. The danger of nuclear war on the Korean peninsula is coming from South Korea, which is known all over the world to have the largest advanced nuclear base in the Far East, not from our country that has no nuclear weapons.

Nuclear weapons are hidden in underground nuclear depositories in South Korea. U.S. nuclear submarines carrying nuclear weapons are constantly going in and out of the Chinhae naval base. Also, it is true that ceaseless nuclear war exercises are being held in South Korea.

If there are no U.S. nuclear weapons and nuclear bases in South Korea, why do South Korean authorities invariably oppose our demand for overall nuclear inspection? Nevertheless, the U.S. imperialists and South Korean authorities are madly kicking up a nuclear commotion, uttering that the DPRK will be able to make nuclear weapons in a few years or months. This is an act of imputing one's blame to others.

Using our nonexistent nuclear development as a pretext, the U.S. imperialists and South Korean authorities have decided to resume next year the Team Spirit joint military exercise, which is a nuclear war exercise that was suspended this year. Also, South Korean authorities have suspended the second-stage U.S. troop withdrawal plan and decided to deploy their war potential at once to prevent rapid development of a crisis when the so-called crisis increases even prior to an emergency on the Korean peninsula.

They are conducting these acts not because we are developing nuclear weapons, but because they intend to injure our country's prestige on the international stage, to rationalize the existence of the U.S. nuclear weapons in South Korea, and to raise further a nuclear war, with the absurd nuclear commotion.

While accumulating nuclear weapons and conducting nuclear war exercises, they are talking about nuclear threat from the DPRK which has no nuclear weapons. This is really a shameless burglars' logic.

The U.S. Arms Control and Disarmament Agency director's remarks contradicting the possibilities of our country's nuclear development refute the nuclear commotion to which the U.S. imperialists and South Korea adhere.

Now, the world has come to know that we are not developing nuclear weapons, and the justness and innocence of our peaceful nuclear policy are being proven more clearly. The U.S. imperialists should stop the nuclear development commotion with us and withdraw U.S. nuclear weapons and nuclear bases in South Korea, which cause the danger of nuclear war on the Korean peninsula and in Asia. South Korea should accept our just demand for an overall nuclear inspection.

If it rejects doing so and continues kicking up nuclear commotion to aggravate tensions, it will be more strongly denounced and opposed by the people of the world.

Demand for Inspection of U.S. Bases Reiterated

SK2411121492 Pyongyang KCNA in English 1004 GMT 24 Nov 92

["Why Do They Oppose Overall Inspection of U.S. Nuclear Bases?"—KCNA headline]

[Text] Pyongyang November 24 (KCNA)—NODONG SINMUN today denounces the South Korean authorities for persistently opposing an inspection of the U.S. nuclear weapons and nuclear bases in South Korea.

The nuclear threat to the Korean peninsula has been created since the United States brought nuclear weapons to South Korea, and it is ever increasing because the U.S. has ceaselessly staged nuclear war exercises against the DPRK in South Korea, the news analyst says, and continues:

An overall inspection of the U.S. nuclear bases and nuclear weapons is a crucial matter to be solved for the denuclearization of the Korean peninsula.

While crying for "denuclearization", the South Korean authorities have turned down the DPRK's proposal for an overall inspection of the U.S. nuclear bases and nuclear weapons, afraid that the existence of the U.S. nuclear weapons in South Korea will be revealed.

Bush made public a "declaration on the withdrawal of nuclear weapons" some time ago, saying the United States has all the nuclear weapons out of South Korea. And the present South Korean ruler "declared the absence of nuclear weapons" late last year.

If there is no nuclear weapon and nuclear base as claimed by the South Korean authorities, there is no reason for them to reject a total verification of them.

The South Korean authorities are objecting to an all-round inspection of the U.S. nuclear bases and nuclear weapons for the purpose of keeping South Korea as a nuclear base of the United States and continuing nuclear war moves.

The United States and the South Korean authorities are now taking issue with the DPRK over "nuclear development" and "military threat" in a bid to find a pretext for keeping hold on South Korea as a U.S., nuclear military base and going ahead with nuclear war preparations.

If the South Korean authorities are truly interested in the denuclearization of the Korean peninsula, they must immediately respond to the DPRK's proposal for an overall inspection of the U.S. nuclear bases and nuclear weapons in South Korea.

Daily Stresses Need To Increase Coal Production

SK2311150992 Pyongyang Korean Central Broadcasting Network in Korean 0010 GMT 20 Nov 92

[NODONG SINMUN 20 November editorial: "Let Us Give Priority to Producing and Supplying Facilities and Materials for Coal Mines"]

[Text] Increasing coal production at present is a lifeline to rapidly develop the country's overall economy. To decisively increase coal production, relevant sectors should strive to increase producing facilities and materials needed for coal production, giving priority to providing them to coal mines.

The dear leader Comrade Kim Chong-il has indicated: We should supply enough pit props, facilities, and materials for coal mines to normalize coal production. We should also transport coal in a timely manner.

Giving priority to producing and supplying facilities and materials for coal mines is a very important work to further increase coal production.

Coal is an important raw material and fuel for our country's chuche industry. Along with the production of electricity, iron, and steel, increasing coal production is one of the basic keys to which we should firmly adhere in accelerating our country's overall economic construction.

We can easily solve the problem of production of power, fertilizer, and iron and steel materials when we solve the coal problem. Solving the coal problem is, above all, a very important work that we should carry out. While giving priority to carrying out this work, we should concentrate our great efforts on accelerating the economic construction at present.

Recently, the dear leader Comrade Kim Chong-il has on many occasions presented the militant tasks to further increase coal production.

All party members, coal miners, and three-revolution team members are now unanimously rising up to implement the tasks under the party's militant call. Relevant sectors and units should produce and supply the integrated facilities and materials in a timely and responsible manner. Increasing coal production is difficult, but coal miners are carrying out this work, going deep in the ground. This work is greatly affected by natural conditions.

Coal production cannot be normalized if relevant sectors do not provide enough facilities and materials to coal mines in a timely manner, no matter how abundant coal deposits and how great coal miners' efforts may be.

Coal can be produced as much as we provide facilities and materials to coal mines. We should properly supply facilities and materials for coal mines in conformity with the coal miners' enthusiastic zeal. All coal mines should more positively conduct the struggle to increase coal production. Thereby, they should make our coal production output grow larger and larger with each passing day.

Functionaries and working people in all sectors and units of the national economy, being fully aware of the significance and importance of coal production, should more vigorously conduct a struggle to supply facilities and materials for coal mines.

To successfully conduct this struggle, functionaries should be clearly aware of the principle to which our party has adhered in accelerating coal production. In addition, they should properly carry out the work of supplying facilities and materials for coal mines, while consistently conducting the struggle to implement the principle.

The party's consistent demand is to give priority to produce facilities and materials needed for coal production and to provide them to coal mines. This principle is an important work that we should not miss in the period in which the party demands that coal miners increase coal production as well as in the period of socialist economic construction.

Functionaries in all sectors and units of the national economy should always organize the economic work based on the principle of subordinating everything to increasing coal production. In particular, they should regard it as their firm rule to give priority to producing and supplying facilities and materials for coal mines.

Before solving problems related to their sectors and units, functionaries should find out the status of the production of facilities and materials which were supposed to be supplied to coal mines. Then, they should forge plans first to organize in detail the integrated and supply work.

Functionaries at the State Administration Council and the State Planning Committee should have a high sense of responsibility for supplying facilities and materials needed for coal production. Experience shows that the work of supplying facilities and materials for coal mines will greatly depend on how functionaries at State Administration Council and State Planning Committee view coal production and how they handle the organizational and political work.

Functionaries at State Administration Council and State Planning Committee should be fully aware that they are the masters who are planning and commanding the work of implementing the party's economic policies. Thereby, they should carry out .nore properly the planning, integration, and the supply service work in order to provide facilities and materials to coal mines.

Functionaries at State Administration Council and State Planning Committee should, in particular, find out in detail the problem of the overall economic work. They should also examine the importance of the problem and the order of its priority and plan the organizational work to supply facilities and materials for coal mines.

Functionaries of the State Administration Council and State Planning Committee should go down deep to coal mines if there are many works to do. They should also examine the sectors' and units' work related to coal mines; the status on supplying facilities and materials for coal mines; and take appropriate measures to increase coal production in a timely manner.

The machine industrial sector is now assigned with a heavy mission to carry out the work of supplying facilities and materials for coal mines. Increasing production of various excavation facilities, which include coal mining machines, is an indispensable requirement for increasing coal production.

The machine industrial sector should strive to rapidly produce and supply a great number of modern excavation facilities for coal mines. Thereby, it should enable coal miners to further increase coal production with less efforts, while modernizing the coal mining activities.

The machine industrial sector should make efforts to increase the production of modern excavation facilities needed for increasing coal production, giving priority to the removal of soil and rock and tunnelling. Thus, they should provide coal mines with many excavation, transportation, and operational facilities in a timely manner.

We can positively accelerate making the coal mines' existing facilities large in size, high-speed, automatic, and precise when the machine industrial sector produces and supplies a great number of modern excavation facilities.

Functionaries and working people in this sector, being fully aware of the importance of their mission, should effect a great upsurge in the production of excavation facilities.

By highly encouraging the popular masses' zeal and their creative positiveness, the excavation machine industrial sector should enable them to make plans for the technical innovation and rationalization. The sector should also make efforts to further increase the production of efficient excavation and transportation facilities by positively supporting the popular masses' initiative and invention.

As large-scale coal mines have been rebuilt and expanded, and as their demands for modern excavation facilities have been increased, the demands for steel products are matchlessly increased.

The metal industrial sector should vigorously conduct a struggle to normalize production of iron and steel materials. It should also give priority to providing the iron and steel materials to coal mines and plants, which produce the excavation facilities.

The forestry sector should further forge plans to increase production of timber in winter. In addition, it should strive to increase production of wooden props needed for tunnelling and building pits and give priority to providing them to coal mines.

Along with this, the material supply sector should properly carry out the organizational work to give priority to supplying all materials and spare parts, including oil and bearings, for coal mines.

Relevant sectors and units, including the machine industrial sector, should positively help coal mines repair coal wagons and machine facilities. They should also give priority to providing coal mines with concrete needed for their expansion and reconstruction.

The power industry sector should constantly provide coal mines with electricity needed for coal production.

Transportation means production. We cannot efficiently use facilities and materials for coal production if they are not provided to coal mines in a timely manner, no matter how abundant they may be. Therefore, this can be harmful to implementing the party's call for increasing coal production.

The railway transportation sector should plan in detail the organizational work to immediately transport the facilities and materials, closely cooperating with plants and enterprises which are supposed to produce and supply those materials needed for coal production.

By so doing, it should immediately transport facilities and materials—which include excavation facilities, iron and steel manufactures, and pit props—whenever they are produced.

Along with this, the railway transportation sector transports coal to relevant plants and enterprises in a timely manner.

The supply service is an important political work. Therefore, we should properly conduct the supply service for coal miners. This is very important to make them effect a great upsurge in carrying out their assigned mission.

Relevant sectors and coal mines, being fully aware of the importance of the supply service work, should more properly guarantee coal miners' welfare. As a result, they should enable coal miners to concentrate all their efforts on increasing coal production without any anxiety.

Our party's firm determination is to more vigorously accelerate the development of the overall national economy, while solving problems in coal production.

Party organizations at every level in all sectors of the national economy should plan the organizational and political work based on the principle of making their total efforts to increase coal production. Party organizations at every level should enable economic guiding functionaries to plan the organizational and commanding work for production, while giving priority to increasing production of facilities and materials needed for coal production.

Let us vigorously rise up to help coal mines with a material and technology and give top priority to producing and supplying the dovetailed facilities and materials. As a result, let us effect a great upswing in coal production.

South Korea

* U.S. Concerned Over North-South Rice Trade

* Rice Issue Resurfaces

932C0026A Seoul CHOSON ILBO in Korean 10 Oct 92 p 6

[Article by reporter Choe Yong-tae: "Point of Dispute Resurfaces in ROK-U.S. Trade"]

[Text] Rice trade between North and South Korea has resurfaced as a point of dispute. On 7 October a high-ranking U.S. official said, "This issue will be discussed seriously and thoroughly at the ROK-U.S. working-level trade talks," thus indicating that the United States is going to bring up the North-South rice trade as an issue. It appears that the old issue of whether rice transaction between North and South is a domestic transaction or an international trade is going to be rehashed.

South Korea has no immediate plan to ship rice to North Korea, and the U.S. Government has no urgent need to bring up the rice issue at a time when there is no actual rice trade between North and South. Therefore, it is highly possible that the United States will stop at making just a passing compliant. Officials of the Foreign Ministry and other government agencies said, "we have agreed with the United States that it is inappropriate to discus the question of rice trade between North and South at the ROK-U.S. working level trade talks opening on 22 October," indicating that the U.S. complaint is of a transitory nature.

As of now, the big flame is brought under control, but cinders are still smoldering. First all, American rice producers dealers, including the Rice Millers Association (RMA), are complaining of North-South rice trade; and with the U.S. presidential election around the corner, the possibility of its becoming an issue once again cannot be ruled out completely. The volume of annual U.S. rice production stands at a 5 million-ton level, but U.S. rice exports have been shrinking each year. U.S. rice accounts for only 1.5 percent of the world's total rice output. U.S. rice nevertheless accounts for 21 percent of the total volume of rice traded in the world market. The RMA and other U.S. rice dealers, who must find outlets overseas, are pressing the U.S. Government hard to apply pressures on countries like South Korea, which consumes large quantities of rice and yet keeps its rice market locked.

The North-South rice trade issue was fully discussed last year. Prior to the rice shipments to North Korea last year, the United States said that the shipments" are in contravention of the international trade order." The U.S. attitude in intending to make an issue out of the rice trade stirred the ire of public opinion in South Korea. Recognizing the peculiarity of the issue, the United States through its embassy in Seoul issued a statement saying that it "welcomes inter-Korean trade." In this roundabout way the United States indicated its readiness to recognize that North-South rice trade is a domestic transaction.

After many turns and twists, 5,000 tons of South Korean rice were shipped to North Korea on 27 July 1991. But North Korea broke its promise to send 30,000 tons of anthracite coal and 11,000 tons of cement in payment for the rice shipments, thus scuttling the original plan to ship a total of 100,000 tons of rice. The food situation in North Korea remains bad, however, and reportedly North Korea has secretly asked the South Korea government through an unofficial channel to send rice. All this indicates that there is a standing need for North Korea to import rice.

The price of U.S. rice is $402 per ton (based on Grade-A California rice), higher than the price of Grade-A Thai rice, which is $325 per ton. Because of the higher price, North Korea, beset with an acute foreign exchange shortage, is unlikely to import U.S. rice. Nevertheless American rice producers want to export U.S. rice directly to North Korea and even foresee the possibility that the U.S. Government will send rice to North Korea in the form of aid after the United States and North Korea establish diplomatic relations. From a long-term point of view, U.S. farmers are against recognizing rice deals between North and South Korea as domestic transaction. The U.N. Food and Agriculture Organization (FAO) provision on export of surplus farm products is used by U.S. rice producers as a basis for complaining against inter-Korean rice transactions. The provision says: When more than 1,000 tons of rice are shipped to a foreign country in the form of aid, loan, or export, it requires prior consultations with exiting rice-exporting countries." On the surface this provision is aimed at preventing damage to existing food-exporting countries. But, in reality, it is heavily skewed to protecting the interests of the United States. If the RMA and American rice producers should appeal to the GATT in the worst scenario by invoking the FAO provision, South Korea will find itself in a complicated situation.

A Foreign Ministry official said, "As of now, the two sides are agreed that this issue will not be adopted as an agenda item. Even if the U.S. delegation calls for discussion of the issue, the ROK side will make its stand clear to the other side." It still remains unclear whether the U.S. government will insist on discussing this issue at the risk of incurring the criticism of the Korean people that "the United States is craftily trying to obstruct the reunification of Korea."

* Viewed as Internal Affair

932C0025B Seoul MAEIL KYONGJE SINMUN in Korean 9 Oct 92 p 6

[Editorial: "U.S. Officials' Unpleasant Remarks"]

[Text] The United States is complaining of rice trade between North and South Korea once again by stirring up the old issue. Earlier the United States floated in a roundabout way reports that it would exclude South Korea from the projected expansion of the free trade agreements as a follow-up to the North American Free Trade Agreement (NAFTA).

When we look at the way the United States is handling our country in connection with these two developments, the rice issue may be viewed as a case of picking up a quarrel with us and the exclusion issue as a case of threat.

The fact that this kind of minatory remarks were made by officials of the U.S. Administration almost at the same time indicates that there is a hidden motive. We cannot but say that such behavior is out of accord with the normal practices in international trade and diplomatic relations.

The remarks on the rice trade in question were made by a high-ranking U.S. trade official during a press conference for Korean correspondents held at the Foreign Press Center in Washington; and the remarks about excluding Korea from the primary list of prospective participants in the NAFTA expansion plan were made by a U.S. Commerce Department official of an equal rank at a lecture meeting arranged by Heritage Foundation.

Needless to say, in trade relations with other countries, each partner carries out negotiations and deals with others to promote its own interests. But the two issues in question are not such pressing issues that the United States has to find some excuse and make a mountain out of a molehill to bring our country into bay. That is why we cannot pass over this kind of U.S. stance toward the ROK but examine it on this occasion.

First, let us examine the rice issue. Of course, the U.S. Government cannot be totally indifferent to the interests of American rice farmers, millers, and exporters. But it is planning to pick up a quarrel at the ROK-U.S. trade talks opening in 22 October by placing on the agenda the question of rice transaction between North and South despite that it is not an outstanding issue between the ROK and the United States. It is our stand that we can in no way tolerate such behavior.

Before Germany was unified, West Germany obtained the GATT ruling that trade between East and West Germany was domestic transaction. Despite this precedent, the United States is trying to blow the matter into an issue involving export subsidies. We can only interpret this behavior as having an ulterior motive to apply one more pressure for market liberalization in ROK-U.S. trade relations.

Regardless of whether rice deals between North and South Korea are regarded as trade between two states or domestic transaction, we must defiantly reject any foreign interference, considering the symbolic significance of rice for our nation.

The U.S. ploy to exclude the ROK from its NAFTA expansion plan is in nature the same as the U.S. stance on the rice trade issue. The United States claims that countries desiring to conclude trade agreements with it need to meet the U.S.-set criteria in terms of the progress in market opening, the investment climate, and the protection of intellectual property rights. Under these criteria the United States plans to exclude only the ROK from the NAFTA expansion plan while including Taiwan, Hong Kong, Singapore, and two other countries which are our trade rivals. This exclusion is beyond our comprehension.

The United States is aware that we are gradually opening up under our liberalization plan.

Keeping in mind that there is no ally in trade relations, our government should ask the United States to avoid giving the impression that the U.S. Administration is taking advantage of the administrative vacuum created in its terminal period to apply trade pressures on the ROK.

U.S.-EC Agriculture Row Bolsters Stance on Rice

SK2111072092 Seoul YONHAP in English 0521 GMT 21 Nov 92

[Text] Seoul, Nov. 21 (YONHAP)—The South Korean Government, prompted by a dramatic breakthrough Friday in the U.S.-European Community talks over EC subsidies to oilseed farmers, started to draw up measures to cope with subsequent developments in the Uruguay Round trade talks, a government source said Saturday.

The government now sees the Uruguay Round talks will resume as early as late this month or early next month, the source said.

It is sure, however, there will be no change in the stance that Korea can't permit even slight foreign access to the rice market, he said.

As to other farm products, Korea hopes to join forces with Japan and other countries seeking to minimize foreign access.

The government will try its best to obtain preferential status in talks over the reduction of government subsidies.

The government will employ flexible attitudes in service sector talks, but it will not go beyond its concession plan already submitted to GATT, the General Agreement on Tariffs and Trade, he said.

Seoul Soon To Deliver Remaining Loans to Russia

SK2411043292 Seoul YONHAP in English 0237 GMT 24 Nov 92

[Text] Seoul, Nov. 24 (OANA-YONHAP)—South Korea is likely to deliver the remaining 330 million U.S. dollars in tied loans to Russia starting in January, trade officials said Tuesday.

Seoul had planned 800 million dollars of consumer product shipments on tied loans for last year, but executed only 470 million dollars worth and withheld all permission from Dec. 6, following collapse of the Soviet Union and Russia's delay in making interest payments.

Moscow handed over the interest and documents taking responsibility for repayment of the loan to its predecessor state during Russian President Boris Yeltsin's Seoul visit last week, and officials here said they are now ready to ship the remainder.

Seoul agreed on 3 billion-dollar economic aid package to Moscow after diplomatic normalization in September 1990. The package covers bank loans, export tied-loans and plant exports.

The Export-Import Bank of Korea will start granting permission for involved companies, including Samsung, Lucky-Goldstar International, Daewoo and Hanil synthetic fiber, who are reviewing export lists and quantities, the officials said.

Samsung is likely to resume shipment from January while Lucky-Goldstar will begin in February, they said.

Meanwhile, resumption has sent shipping companies searching for containers and container yards.

The Korea-Soviet Shipping Co. and Donghae shipping, an agent for the Russia far eastern shipping corp., delivered the South Korean shipments in 10,000 twenty-foot containers from the beginning of November last year through the end of last month.

SRV Opens Liaison Office in Seoul

SK2411025692 Seoul YONHAP in English 0243 GMT 24 Nov 92

[Text] Seoul, Nov. 24 (OANA-YONHAP)—A Vietnamese liaison office opened in Seoul Tuesday to begin full operations, including consular functions.

Nguyen Phu Binh, chief of the liaison office, and Kim Sok-u, director-general of the Foreign Ministry's Asian Affairs Bureau, attended the signboard hanging ceremony at the office in Hannam-dong, central Seoul.

A South Korean liaison office opened in Hanoi in August headed by Amb. Pak No-su.

The two countries are expected to normalize ties next month.

Chinese Businesses Invest $1 Million This Year

SK2311030492 Seoul YONHAP in English 0049 GMT 23 Nov 92

[Text] Seoul, Nov. 23 (YONHAP)—Chinese businessmen have invested nearly 1 million U.S. dollars in South Korea so far this year, the Finance Ministry said Monday.

They opened three restaurants, investing 744,000 dollars, and two trading companies in January-October.

This compares with three investments last year, one each in 1990 and 1989, and raises total Chinese investment here to 4.54 million dollars.

The restaurants, some of which are joint ventures with Korean firms, represent about 80 percent of the total.

A ministry official said investment from China would increase as the two countries build on the establishment of diplomatic ties Aug. 24.

Nation Importing Less From U.S., Japan

SK2111023792 Seoul THE KOREA TIMES in English 21 Nov 92 p 17

[Text] Korea has made headway in its efforts to diversify its import sources as the country has become less dependent on imports from the U.S. and Japan the past several years.

According to the Korea Trade Promotion Corp. (KOTRA), imports from China, Saudi Arabia, Germany and Indonesia took a bigger share among the nation's total imports.

The KOTRA report said that imports from Japan and the United States accounted for 28.4 percent and 25.9 percent, respectively, of total imports in 1989.

But Korea imported less from the two countries, posting imports of 23.9 percent from Japan and 22.4 percent from the U.S. during the first nine months of this year.

China took a 4.6 percent share during January-September this year, from the 1.7 percent in 1989.

Korea also recorded a rising import share from Saudi Arabia, Germany and Indonesia during the cited period, according to the report.

Analyzing import sources of 27 major items, the report said Korea increased its import sources of eight raw materials to 30 countries this year, three more than in 1989.

Korea also diversified its capital goods import sources from 40 countries in 1989 to 54 this year.

Consumer goods imports came from 62 countries this year, 11 more than in 1989.

More Details on Revised DPRK Constitution

SK2411053292 Seoul CHOSON ILBO in Korean 24 Nov 92 p 5

[Article by reporter An Hui-chang: "Contents of Revised North Korean Constitution"]

[Text] The new North Korean constitution, which relevant authorities obtained and made public on 23 November, explicitly shows how North Korea will overcome present difficulties at home and abroad and how it will lead the nation. It is significant.

In its new constitution, North Korea has clearly stipulated that it has adapted itself to the changing times including a retreat from Marxism-Leninism and presented measures on overcoming economic difficulties. North Korea has also strengthened clauses concerning national defense. North Korea has expressed its firm will to strengthen Kim Chong-il's hereditary system and to achieve reunification through revolutionizing South Korea.

North Korea, above all, has changed its chuche idea expression which served as a guideline in all state activities. The old constitution defined that "the chuche idea inherited Marxism-Leninism and creatively applied it to reality." The new constitution, however, has revised its definition by stipulating that "this idea is a people-centered outlook concerning the world and is a revolutionary ideology designed to realize independence of the popular masses," thus deleting the phrase on Marxism-Leninism.

In addition, North Korea has changed its previous basic foreign policy, which stressed that "it will unite with socialist countries based on Marxism-Leninism and on the principle of proletarian internationalism," to a policy stipulating that "it will unite with the world's people who safeguard independence." At the same time, the new constitution highlights the words "independence," "peace" and "friendship" which were mentioned only in policy-related speeches or documents in the past. This means that North Korea expressed its willingness to establish relations even with capitalist countries if they are considered to be maintaining "independence." North Korea has established a constitutional basis in order to improve relations particularly with the United States and Japan.

Concerning the economic field, North Korea has formulated four new clauses in its new constitution which emphasize development of industrial technology including "modernization and industrialization of national economy." On the other hand, North Korea provided a constitutional basis for the laws on foreigners' investment and on joint ventures with foreign enterprises which were officially announced last October.

In its revised constitution, North Korea has formulated a new "chapter" on national defense by revising defense-related clauses which comprised only one article. North Korea has clearly stipulated and strengthened the line of emphasizing military superiority and of assuming the arming of all people, turning the whole nation into a fortress and turning the army into a cadre army—using this as its foundation.

At the same time, the new constitution specifies new clauses on the National Defense Committee, which is immediately subordinate to the Central People's Committee and whose first vice chairman is Kim Chong-il, and put these clauses into one independent chapter.

North Korea has deleted Article 15 of the old constitution which stipulated that the president naturally holds the position of supreme commander of the army. North Korea has completely eliminated the possibility of causing disputes over the violation of the constitution with Kim Chong-il's inauguration as the supreme commander of the army last December. It appears that North Korea has consolidated the hereditary system by enabling Kim Chong-il to hold the military completely in his hands.

North Korea has provided new declarative clauses in its new constitution concerning the offering of scholarship funds to students of universities and technical colleges; providing the working people with cultural and sanitary facilities, and other social welfare projects.

North Korea has attempted to revise the constitution according to the changes in the situation. It has, however, left unchanged a few clauses which target a South Korean revolution, including the clause stating that "the Republic represents the interests of all Korean people." In conclusion, by deleting the clauses which are contradictory to the changes in the situation at home and abroad, the revised constitution shows North Korea's intent to maintain the Kim Chong-il system and theory on the revolutionizing the South while pushing ahead with economic reform and social welfare.

* North's Business, Import Tax Laws Viewed

932C0009A Seoul CHUNGANG ILBO in Korean 20 Sep 92 p 4

By reporter Pak Ui-chun: "North Korea's Tax and Tariff Systems—Applicable Only to Joint Ventures, Aliens"]

[Text] Lately, progress in North-South relations has prompted mounting concern over economic cooperation with Pyongyang.

Especially, with North and South Korea having reached complete settlement on annexed accords covering a total of 70 items of exchange and cooperation early this month, the economic cooperation program is offering the prospects of further pickup.

As a result of North Korea's prolonged isolation policy, information available on its economic systems are extremely scarce and this has become a stumbling block for the cause of cooperation, however.

To help provide information to businesses planning to set up operations in North Korea, here is a gist of the North Korean tax and tariff systems:

Tax System:

Although North Korea collects no tax from its people, it has a tax system prepared for application to joint ventures and aliens.

—Income tax on joint-venture corporations: Taxable is the net income, which is the gross income minus total expenses (costs) for the specific tax year. The rate is 25 percent.

For instance, if Enterprise A has earned 1 billion won [W] for a tax year from a joint venture it operates in North Korea, and if it has paid W200 in expenses, its tax assessment for that year is W200 million ((1,000-200) x 0.25).

In North Korea, too, the taxpayer is subject to penalties in case of failure to pay by the due date.

The penalties are intended for inducing payment in good faith by the taxpayer.

For a delinquent payment, an additional 0.3 percent of the assessment is charged in arrears for the number of days overdue. Also, repeated acts of evasion violating the income tax law, penalties up to 400 percent of the due tax are charged, and serious cases of violation are referred to judicial authorities by the Ministry of Finance.

Meanwhile, the method used in computing the net income more or less varies depending on the type of business.

For example, in manufacturing industry, the net income represents the income from the sales of products minus selling costs; in construction business, it is what is received upon the delivery of what has been built minus construction costs, and in commerce and service, the income from the sales of goods or from the service minus the expenses respectively.

—Income tax for aliens: The taxable incomes are roughly divided into these categories: compensations received for labor (wages and salaries, bonuses, bounties, distributions of profits, speaking fees, translation fees, etc.), and incomes from patents, trade marks, copyrights, know-how and other technological fees, rents and sales of goods.

The tax rate for incomes from technological fees and sales of goods is 20 percent; seven tax brackets are applied to wage incomes depending on the size of the monthly income, ranging from 0 percent to 30 percent.

The monthly income of 500 North Korean won [W] or less is exempted from the tax payment obligations, while the highest 30 percent rate is applied to those earning W10,001 or more monthly.

For those having plural incomes, e.g., a wage income and a technological fee income and an income from sales of goods, the tax is levied separately on each income, using the respective rate.

In case of an income earned in plural places, the tax is levied on the total amount, using the respective rate. The tax is withheld at source by the employer joint venture, and the employer is required to turn in the taxes thus withheld to its bank within five days, together with related documents.

Tariff System:

Although North Korea has its rules prepared for customs-related activities, it actually finds no need to impose tariffs because trade is conducted under the national planning system and monopolistically. Consequently, no duties are imposed on trade goods. They are imposed only on non-barter imports which are not officially considered trade goods, and on belongings of foreign-country travelers and international parcels.

In other words, a major characteristic of the North Korean tariff system lies in its role as an institutional device to prevent smuggling and to promote the government monopoly of foreign exchange and the statistical control of exports and imports. Tariffs are divided into export duties and import duties on each category of goods. The system provides for plural tariffs, maximum and minimum. When the maximum rate is applied, it generally amounts to two to four times the minimum rate. The minimum rates represent tariffs by agreement applicable only to countries with which North Korea has reciprocal trade agreements.

Tariff is imposed on the basis of CIF (cost, insurance, freight). It is divided into ad valorem duty rate (based on value) and specific duty rate (based on quantity or weight) but, generally, the ad valorem duty rate is applied.

Trade Body Cites North's 'Dire Economic Straits'

SK1911044992 Seoul YONHAP in English 0136 GMT 19 Nov 92

[Text] Seoul, Nov. 19 (YONHAP)—North Korea is in dire economic straits because cooperation with the former Soviet Union and East European countries has been cut off, the Korea Trade Promotion Corp. (KOTRA) said Thursday.

Exports plunged 24.8 percent last year to 950.83 million U.S. dollars from 1,264.82 million dollars in 1990, while imports fell 9.9 percent to 1,643.33 million dollars from 1,823.73 million dollars, KOTRA said in a report on North Korea's foreign trade.

The report, compiled from data from 61 countries, said that North Korean trade with former Soviet republics sank 68.1 percent to 364.74 million dollars last year from 1,141.9 million dollars a year earlier.

Trade with current and former communist allies was drastically affected when the Commonwealth of Independent States (CIS) moved from an open account to cash settlement.

It also became difficult for North Korea to manage with its reduced supplies of crude oil, machinery and industrial facilities from CIS, KOTRA said.

North Korea turned to China for petroleum, mineral fuel and lubricating oil, and began to barter arms to Iran for its oil, KOTRA said.

Exports to China dropped 31.2 percent to 85.67 million dollars last year from 124.58 million dollars in 1990, but imports soared 32.1 percent to 524.78 million dollars from 358.16 million dollars with a 63.7-percent rise in imports of oil and mineral fuel.

North Korea spent 306.8 million dollars last year to buy 2.44 million tons of crude oil—1.1 million tons (145.68 million dollars) from China, 1 million tons (120 million dollars) from Iran and 340,000 tons (40.8 million dollars) from CIS.

Iran is now North Korea's fourth trading partner after China, Japan and CIS, buying 100 million dollars of arms, including 100 of the remodeled scud missiles, KOTRA said.

North Korea saw exports to Japan drop 5.7 percent to 283.57 million dollars, but imports rise 27.3 percent to 223.99 million dollars last year.

Daily Interviews Major Presidential Candidates

DLP's Kim Yong-sam

SK2211125792 Seoul CHOSON ILBO in Korean 17 Nov 92 p 3

[Interview with Kim Yong-sam, Democratic Liberal Party [DLP] presidential candidate, by Choe Chong-nim, acting editor-in-chief and Yi Yong-tok, deputy editor-level chief of the political desk—date, place not given]

[Text] [CHOSON ILBO] You are running for the presidency for the second time. What is your view on the significance of the forthcoming presidential election and on differences between the 1987 election and forthcoming one?

[Kim Yong-sam] The forthcoming presidential election slated for end of the year is an important election to select the leader who will lead our country at a turning point of closing the 20th century and opening the exciting 21st century. In the 1987 election, shouts for resistance to the military dictatorial regime that perpetrated dictatorship and oppression and for democratization, the direct election system, and the end of military rule were the main, important issues. Therefore, the forthcoming election is entirely different from the past.

[CHOSON ILBO] You, party president Kim, put forward a slogan on healing of Korea-type disease and on building a new Korea as the slogan for the election. In the event that you succeed in seizing power, what type of efforts are you going to make in connection with this for the next five years?

[Kim] Social evils have been accumulated while the military dictatorial regime was in power for a long time. The first phenomenon of the Korea-type disease formed in this course is collapse of authority. In other words, the collapse of authority which should be preserved in democratic society, not such authority as one in the communist system, collapsed. The president of a nation should be first loved and respected by the people before his legal position is respected.

There was no legitimacy of the regime and the leading class was not clean-handed. Moreover, order also collapsed. Those who worked hard with sweat were not properly treated, and those who planted seeds were not able to harvest their fruit. Because of brigandish acts by ridiculous people, social and economic justice had to collapse. In addition to this, the people who are under an illusion that they can seize power with money earned illegally appeared. We must rectify this. If we fail to correct this this time, the nation will suffer great trial. To correct such injustice, the leaders must set an example to others. If people in the leading class are clean-handed, no minister nor his secretary nor any other people can do any irregularity, and an atmosphere of integrity will spread throughout the entire nation. Accordingly, the Korea-type disease will be cured and a new Korea will be built.

[CHOSON ILBO] We think that in the event that the new government launches full-scale reform, it may face serious actual barriers. In other words, how will you deal with such issues as one in which the Sixth Republic and its highest leadership are involved?

[Kim] If any unrighteousness is found, it must be corrected and innovated. Reform must be carried out regardless of involvement of the Sixth Republic, the Fifth Republic, or Fourth Republic.

[CHOSON ILBO] Provided that a situation is created in which a public hearing has to be held and a previous president is required to attend there, what do you do then?

[Kim Yong-sam] Such a situation should end with the case of President Chon Tu-hwan. Such a situation in which a previous president should attend a public hearing should not re-emerge.

[CHOSON ILBO] You have made clear that you will establish an ad hoc committee under the direct control of the president in an effort to eliminate irregularities and corruption and to renovate personnel management. We fear that this would overlap the existing audit and inspection organs. At the same time, would you explain in detail your idea on personnel management reform?

[Kim Yong-sam] The judicial branch and the prosecutor's office can perform their inherent functions as usual. The ad hoc committee does its business under the direct control of the president. I have always emphasized the importance of personnel management. I have emphasized that personnel management should be carried out in a fair and aboveboard manner and according to one's ability. So far, personnel reshuffles have been made very frequently. I think that once prime minister and minsters are appointed, we should keep them at their post for a considerable period of time so that they can consistently carry out state policies in a responsible manner.

What I would like to stress once again in connection with personnel management is that particular efforts should be directed toward increasing the opportunity for women's participation in politics and toward promoting their social position.

[CHOSON ILBO] You have stressed the need for establishing "a small but "strong" government. What is the concept of the small government you stress? If and when you take power and reorganize the government how will you materialize your "small government concept?"

[Kim Yong-sam] Since the establishment of our government in the past, enormous changes have taken place not only in our national power, but also in all fields of our society. Nevertheless, there has been no change in the government organization, and this has created many problems. Therefore, I will deeply study and review the government organization and reform it. This will be also conducive to creating a new atmosphere in the country. However, the small government I mean does not mean reducing the government organization. As you know, our economic scale has become bigger and the international position of our country has been greatly enhanced. The population has increased, and the task that we should do has also increased.

What I want to indicate here is the government's interference in business enterprises. More than 300 kinds of documents were required for submission to the government authorities to found a small enterprise. It took more than three years to found a new enterprise. Reducing such a government's interference to the maximum and, thus, leading our economy to develop in an autonomous manner is precisely the concept of the small government that I have emphasized.

[CHOSON ILBO] Many people talk about your "lack of ability," saying that you are not capable of developing our economy.

[Kim Yong-sam] The press, too, is to blame for that. The press has just copied all sorts of slanderous propaganda that the dictatorial regimes have perpetrated to intrigue against me for several decades, mobilizing all possible means. The allegation that Kim Yong-sam, who has been a most dangerous figure to the dictatorial regimes, cannot become the replacement force of the regimes is precisely the key point of the so-called theory on lack of ability imputed on me. During my 50-year-long political life I served as floor leader of an opposition party five times and as president of the opposition party four times. I was elected in these posts through the direct voting of fellow assmelblymen and party deputies. If I had lacked ability how would this have been possible?

[CHOSON ILBO] Have you ever participated in operating the governmental organizations and in managing the state?

[Kim] As for the ability for managing the state, in the course of conducting politics for approximately 40 years, I have personally felt and learned the merits and faults of all successive regimes. Nothing is more important in managing the state than experience. In addition, while working as executive chairman of the ruling party for two and a half years since the three parties were merged, I have acquired knowledge for managing the state. I am confident that I acquired deeper knowledge and experiences for doing the right work for the state and the nation than anyone else.

[CHOSON ILBO] Can you stabilize food prices within 3 percent two years after you are elected president?

[Kim] The people's cooperation is necessary. I will take stern measures against real estate speculations and unearned income. As a result, the people can lead a thrifty and frugal life and make efforts to save. Along with this, if the government carefully manages the national finance, the goal of stabilizing food prices will be attained, I think.

[CHOSON ILBO] What do you think about the real-name financial transaction system?

[Kim] Because the people have already agreed to the real-name financial transaction system, it should be conducted rapidly even for the economic justice. However, some are claiming that as soon as they are elected president, they will conduct the real-name financial transaction system. I do not agree with their claims.

[CHOSON ILBO] The groups which seek their interests are mushrooming. Thus, is it difficult to exercise strong leadership in the future?

[Kim] The crisis of the leadership is facing the world. In order to open a new era and to effect a new leap forward in our country, leadership should, above all, be established.

[CHOSON ILBO] In the course that you were being elected presidential candidate, the disputes among the heterogeneous members within the DLP became worse. Will the party's politics be a great burden to you if you are elected president?

[Kim] The disputes have been settled. The solidarity within the party is greatly strengthened. I will make efforts for the democracy of party management in the future.

[CHOSON ILBO] The DLP has been turned into the election campaign system. There are three standing vice chairmen and 60 vice chairmen in the DLP election campaign management committee. However, there is no one responsibly working for the DLP election campaign management committee.

[Kim] It is nonsense. (laughter) Representative Kim Chong-pil is managing the party. Sixty vice chairmen are helping Chong Won-sik, chairman of the election campaign management committee, with the work concerning election campaigns. Even though the organization of the election campaign management committee is big, the organization is taking shape.

[CHOSON ILBO] Much money is needed according to the big election organization. There is a rumor that 300-500 billion won is necessary for the organization.

[Kim] I really worry about funds. We do not raise funds at all. Chairmen of local chapters cannot go down to their districts because of funds.

[CHOSON ILBO] Does the difficulty of raising funds result from the president's "neutrality"?

[Kim] Only when I myself conduct a fair and clean election can the legitimacy of the regime be gained. Thus I claimed the neutral cabinet. We should overcome difficulty of funds. Our party will prevent the money-oriented election, come what may.

[CHOSON ILBO] The political funds and the establishment of the moral government are contradictory to each other. Can you overcome the contradiction?

[Kim] We will raise political funds through the donations of the people and the party members. We will not receive political funds from those people seeking interests. I will not incur a stumbling block to establishing a clean government.

[CHOSON ILBO] There are many people wondering whether, if you are elected president, you will finish up the five-year term or, three years after you are elected president, you will revise the constitution for a parliamentary cabinet system.

[Kim] With the president election just a month away, it is wrong to talk about a parliamentary cabinet system. This is an anachronistic idea. Whenever the issue of the parliamentary cabinet system is raised, our people think about the Japanese Liberal Democratic Party and about the long-term seizure of power. It is a reality that the people regard the discussion of a parliamentary cabinet system as a plot. It is I who most hate the long-term seizure of power. It is not the president who conducts a parliamentary cabinet system. It is the National Assembly and the fellow countrymen that conduct a parliamentary cabinet system. I hope that I will be evaluated as the president who rescues the country when I step down after finishing up the five-year term.

[CHOSON ILBO] What do you think your merits and faults are?

[Kim] It is ridiculous to talk about my own merits. I have never abandoned fidelity. I have tried to keep my promise without fail. This is the base of human beings, I think. I have heard the people saying that I have courage, confidence, and determination. As for my faults, I would like to say that I have many faults because I am a man.

[CHOSON ILBO] When you gave up your position as a lawmaker in the National Assembly, you said that you will make public your property.

[Kim] All preparations are ready. Please wait some time until I make public my property.

[CHOSON ILBO] There was a report in a magazine that you have an illegitimate daughter.

[Kim] In the presidential election in 1987, an intelligence agency was engaged in malicious propaganda by disseminating letters about women and religion in connection with me throughout the country. All propaganda are fabricated.

[CHOSON ILBO] The issue of your military service is not certain.

[Kim] The issue of my military service is too certain. Dr. Yi Son-kun, my respected teacher, was a private citizen. The Defense Ministry appointed him to colonel during the Korean war. He worked as a director of the troop information and education. Then I participated in the Korean war as a student soldier. Only Mr. Son To-sim, my alumnus, was appointed to a second lieutenant, and all others received a soldier's serial number. The association of students' soldiers has frequently held meetings and talked about the past.

[CHOSON ILBO] There is a rumor that you were admitted into Seoul National University from Tongguk University.

[Kim] This is a downright lie. The year when I graduated from Kyongnam high school and the year when I entered the College of Arts and Science of the Seoul National University demonstrate that this is a lie.

[CHOSON ILBO] What is your plan of fostering younger political leaders?

[Kim] Younger political leaders will be naturally fostered. There will come a time when I should foster younger political leaders.

[CHOSON ILBO] If you form a new government, will you maintain relations with Mr. Kim Tae-chung and Mr. Chong Chu-yong?

[Kim] I think that I will maintain cooperative relations with all.

DP's Kim Tae-chung

SK2111012892 Seoul CHOSON ILBO in Korean 18 Nov 92 p 3

[Interview with Kim Tae-chung, co-chairman and presidential candidate of the Democratic Party, DP, by Choe Chong-im, acting chief of the Editorial Bureau, and Yi Yong-tok, chief of the First Political Department—date and place not given]

[Excerpts] [CHOSON ILBO] If you run for the upcoming presidential election, this will be your third candidacy. Would you comment on this?

[Kim Tae-chung] This will be my last. I will do my best for victory in the election so that I can implement various policies that I have prepared for a long time.

[CHOSON ILBO] Would you tell me differences, if any, between the past two presidential elections and the upcoming presidential election?

[Kim] I was robbed of my victory in the 1971 presidential election. Even those who committed fraud in that election admit I won the election. I was defeated in the 1987 presidential election because it was a fraudulent and illicit one. The failure in the last presidential election was due to the then opposition party's split. I should have made concessions at that time. I still regret that.

This time, the ruling party is divided, and the people's desire to replace the government is very strong. It is the first time that the people have come to recognize the opposition party's ability to assume the reins of government. The feelings of parochialism is gradually disappearing. The people's interest in benefits of social strata is also growing. Such being the case, I think we can win the upcoming presidential election if it is conducted fairly.

[CHOSON ILBO] Your having a veto group was said to be your limitation. Has it changed?

[Kim] Such groups still exist. However, generally speaking, things have changed greatly. [passage omitted]

[CHOSON ILBO] You say on one hand that you would promote "grand reconciliation" by joining hands with forces of the Fifth and Sixth Republics. You stress "changes and reforms" on the other. These two are contradictory. Which do you give priority to?

[Kim] I give an equal emphasis to the two. I do not favor an unconditional alliance with them. Rather, I favor an alliance with them only when they support democracy in our country. Therefore, they are not contradictory.

[CHOSON ILBO] You said that you would form a coalition cabinet if you took power. Would it inevitably result in a political reorganization and changes in the power structure?

[Kim] I am planning to form a coalition cabinet based on the existing composition of the political parties. However, I think that if the Democratic Liberal Party [DLP] and the United People's Party [UPP] lose in the election, there will be a political reorganization. [passage omitted]

[CHOSON ILBO] One of your advisers was involved in a spy case, and rumors have been spread that some of the Democratic Party [DP] lawmakers were involved in the case, as well.

[Kim] He was not my adviser but a clerical worker. He was booked on a charge other than a spy charge or a charge of assisting spies. His charge is that he gave a summary of a defense budget plan to his friend. KUKPANG ILBO later fully reported on the budget plan. Therefore, the plan is no longer a secret. I inquired about the allegation that some of the DP lawmakers were involved in the spy case. It was found groundless.

[CHOSON ILBO] We are sorry to ask this question. Would you comment on the rumors that you, too, met with Yi Son-sil [the North Korean woman spy]?

[Kim] It is nonsense. I have no nothing to do with the case. Rumors have been spread that even my wife met with her, have they not?

[CHOSON ILBO] You said that no one in your party was involved in the spy case. Then, why do you oppose the announcement of the investigation into the case before the presidential election?

[Kim] If the government makes a distorted announcement, this will do me irreparable harm. In 1989, when public security dominated the political situation, the government everyday leaked the information that I was involved in security-related incidents. However, the government could not prosecute or book me. Once harm is done, it is irreparable.

[CHOSON ILBO] Do you mean that the government will make a distorted announcement if it does before the presidential election?

[Kim] Mr. Kim Nak-chung said in prison that he had not received an instruction from North Korea to support the DP. However, the investigation agency involved leaked the information that he had. I learned that the agency enforces tortures to make up the story that the DP was involved in the spy case. [passage omitted]

[CHOSON ILBO] Suppose you win the election, by how many votes do you think you will be able to lead the first runner up?

[Kim] I cannot tell. I received 6.5 million votes in the previous election. Kil Sung-hum, a professor of Seoul National University, said that a candidate should receive over 8.5 million votes to get elected. He also said that I can receive that many votes.

[CHOSON ILBO] What do you plan to do if you are elected?

[Kim] If I am elected, I will meet with DLP President Kim Yong-sam and UPP President Chong Chu-yong. It will be good for the three of us to sign a basic agreement for the operation of state affairs. I will give DLP President Kim Yong-sam and UPP President Chong Chu-yong a chance to join in my cabinet. I think that this is possible because our constitution, though it is based on a presidential system, has many aspects of a cabinet system. The next two years will be very important for the national economy, will they not? Political stability will be a dire necessity for the national economy. Labor-management cooperation will also be necessary. The ruling and opposition parties would rather compete in general elections in 1996. They must maintain a political truce for two years, from 1993 to 1994. During this period, they must jointly build a foundation for a new country. [passage omitted]

[CHOSON ILBO] What will you do if you are defeated in the presidential election?

[Kim] If the neutral cabinet fairly manages the election, I will cooperate with the new government as a matter of course. Irrespective of whether I am elected or not, I will not run in another presidential election or become a party representative. Rather, I will devote myself to helping younger generations. [passage omitted]

UPP's Chong Chu-yong

SK2111015792 Seoul CHOSON ILBO in Korean 20 Nov 92 p 4

[Interview with Chong Chu-yong, president and presidential candidate of the United People's Party, UPP, by Choe Chong-im, acting chief of the Editorial Bureau, and Yi Yong-tok, chief of the Political Department—date and place not given]

[Excerpts] [CHOSON ILBO] Why have you decided to run in the presidential election?

[Chong Chu-yong] Politics and the economy have been crumbling markedly, and society has been chaotic. Therefore, I have decided to run with a resolve to rescue the country.

[CHOSON ILBO] You used to be the chairman of a business conglomerate, and you are old. Still, you said that you decided to run for the presidency out of a single desire to save the country. Could you elaborate on specific problems facing our country?

[Chong] We have accumulated serious trade deficits. Foreign debts total over $40 billion. I have decided to run to rescue our country's economy. A very large number of people have moved to Seoul. As a result, crime has risen dramatically, and sexual violence has risen, as well. We have serious problems in maintaining public order. I have no intention stay in power for an extended period of time. I want to build a foundation for democracy by completely implementing the local autonomy system. Then, all problems concerning public order and crime will disappear. [passage omitted]

[CHOSON ILBO] Would you elaborate on the result of the opinion survey commissioned by the United People's Party?

[Chong] It was shown that 23 percent support me, that 19 percent support Mr. Kim Yong-sam, and that 18 percent support Mr. Kim Tae-chung. This survey was conducted by the Modern Economic and Social Institute. I think it was conducted fairly.

[CHOSON ILBO] Why do you think neither Mr. Kim Yong-sam nor Mr. Kim Tae-chung should become president?

[Chong] That they should not become president is not merely my opinion but a demand of all people. Nothing remains for them to do. All they have done so far is their struggle to oppose the extension of President Pak Chong-hui's military rule. They are the ones who insisted that if we built the Seoul-Pusan expressway, the country would collapse. How can those two people, who cannot see an immediate future, develop the country? They only seek to assume power and live in splendor. Neither one of them should become president. [passage omitted]

[CHOSON ILBO] Is revising the constitution in favor of a cabinet system your party's policy or not?

[Chong] It has become our party's policy. We announced this when we and the New Korea Party merged. Of course, we must tap people's opinions. If our party takes power, many lawmakers will join our party. We will be able to have lawmakers sufficient enough to revise the constitution. If we are not, then, we will present the revision of the constitution in favor of a cabinet system as an election platform in the next parliamentary election, and our party will win a landslide victory.

[CHOSON ILBO] Do you mean that it is all right even if you do not serve your full presidential term?

[Chong] I will serve my full term as president. I mean I will not exercise my power. I mean I will hand power over to the cabinet.

[CHOSON ILBO] Even if you seize power by leading the minority party, you would face many obstacles in operating the state affairs. Some people observed that U.S. President Bush's defeat in the election was attributed to his health and to obstacles in satisfactorily carrying out his work which were created in the course of confronting the Congress dominated by the Democratic Party.

[Chong] If I win in the presidential election, our party will become the majority party on a single morning. Look at the history of our political parties. We have a firm foundation called the UPP. One need not worry because there will be great changes in political circles. Some people say that I am old. But I have not suffered from illness for 65 years, since I was 11 years old. [passage omitted]

[CHOSON ILBO] How do you evaluate the government's will for neutrality in connection with the Kim Pok-tong incident? Do you attempt to struggle for this incident?

[Chong] I still want to trust the will of high-level government officials, including the president, for neutrality. However, there are some instances of excessive loyalty demonstrated by low-level government officials. As for the method of struggle over the Kim Pok-tong incident, I will decide on it after he shows up before us and the truth is probed. [passage omitted]

[CHONSON ILBO] You decided to offer 100 billion won for a merger with the New Korea Party as funds for developing the party. When do you actually intend to create the funds?

[Chong] I had this idea a long time ago with a view to fostering the UPP forever, to rearing new generations and to providing a firm foundation to be recorded in the history of our nation's political parties.

[CHOSON ILBO] Do you intend to offer this money before the presidential election?

[Chong] Of course. I will offer in cash. But I cannot sell my stocks right now. So, I will launch the new party first and provide the money immediately after the presidential election. This is certain. [passage omitted]

[CHOSON ILBO] Hyundai made a successful bid for the construction of the new international airport on Yongjong Island. People say how could Hyundai, which was reported to be suffering from oppression, make a successful bid. Why did Hyundai make the bid despite opposition from the UPP?

[Chong] Hyundai made the bid, not the UPP. [passage omitted]

[CHOSON ILBO] What do you think of your strength and weakness?

[Chong] My weak point is that I am trying to accomplish too many things in a short time. In other words, I am quick-tempered. But I believe this also serves as my strength. [passage omitted]

[CHOSON ILBO] What do you think are the differences between politicians and businessmen?

[Chong] I think that a businessman works for the development of his enterprise and a politician carries out many works for the people's comfortable life and clean politics.

[CHOSON ILBO] Some people point out that since you have been a dictator over business, you are not the appropriate person for democracy. What is your opinion on this?

[Chong] I am making utmost efforts to make our party pursue democracy and introduce good views. I have also learned many things after I came into the political circles.

Daily Reviews Parties' Election Strategies

SK2311102392 Seoul HANGUK ILBO in Korean 23 Nov 92 p 2

[Article by reporter Cho Myong-ku]

[Text] "Seize voters in the Seoul metropolitan district and its surrounding districts." With the presidential election campaign in full swing, the three political parties—the Democratic Liberal Party [DLP], the Democratic Party [DP], and the United People's Party [UPP]—are staging an all-out war to win over voters in these districts, believing that they will play a crucial role in winning the upcoming presidential election.

In the upcoming presidential election, voters in Seoul, Inchon, and Kyonggi Province account for 44.4 percent of the total voters across the country, and their standard of political awareness, as well as living, is relatively higher than the people in other provinces and cities. This is why these districts have been given much more weight by the political parties in the presidential election campaign.

Examining the number of voters by district, Seoul accounts for 25.1 percent of the total voters across the country, Inchon 4.6 percent, and Kyonggi Province 14.7 percent. Voters who come from North and South Cholla Provinces account for 25 to 30 percent of the total voters in the respective districts. Accordingly, this phenomenon also draws our special attention.

In other words, the metropolitan area, including the city of Seoul, was not only an area where the opposition party forces enjoyed their superiority traditionally, but was also the source of "the wind of opposition party" during the past elections.

The polling scores obtained in Seoul by candidates in the 1987 presidential election were: Kim Tae-chung of the opposition Party for Peace and Democracy, 32.6 percent; No Tae-u of the ruling Democratic Justice Party, 30 percent; and Kim Yong-sam of the opposition Democratic Party, 29.1 percent. In the 24 March general elections for the present 14th National Assembly, the DP won 37.2 percent of the votes in Seoul, the DLP won 34.8 percent, and the UPP 19.1 percent. This suggests that Seoul is still an opposition stronghold.

According to political analysts, the opposition camp is superior in Seoul because of its regional characteristics and because of loyal voters who support a specific party as a result of their feelings of regionalism.

Therefore, the public sentiment in Seoul was soon expanded into Inchon and Kyonggi Province, and this public sentiment has been a crucial factor for political parties to win in various elections. In the 13th presidential election and the general elections for the 14th National Assembly, the outcome in Seoul showed that the ruling party was slightly superior over the opposition camp. However, the voters' support of the opposition camp was still prevalent, particularly among people at the lowest stratum of society.

In the 13th presidential election in 1987, candidate No Tae-u won 39.4 percent of the votes, candidate Kim Yong-sam 30 percent, and Kim Tae-chung 21.3 percent. In the 24 March general election for the present National Assembly, the DLP won 34.3 percent, the DP 30.7 percent, and the UPP 20.4 percent of the votes.

The voting pattern in Kyonggi Province is generally similar to that of voters in Inchon. The population of Kyonggi Province, which accounts for 14.7 percent of the total voters of the country, is increasing every year in the wake of the increase in the people's flow from other provinces. Furthermore, since the 13th presidential election this province has definitely appeared to be an oppostiion stronghold in various elections.

There are 19 small satellite cities around Seoul which are said to be opposition strongholds. The number of voters in these satellite cities (2,989,000) accounts for 71 percent of the total voters in Kyonggi Province (4,320,000).

In the 13th presidential election, candidate No Tae-u obtained 41.5 percent, Kim Yong-sam 27.5 percent, and Kim Tae-chung 22.3 percent of the votes in these satellite cities. In the 24 March general elections for the present National Assembly, the DLP's polling score was 37.7 percent, the DP's was 31.3 percent, and the UPP's was 19.8 percent in these cities.

Such being the case, it is certain that the three political parties will stage a neck and neck battle in the upcoming presidential election to win over voters in the Seoul metropolitan district and surrounding areas.

In the upcoming presidential election, the DLP will attempt to obtain 40 percent of the votes in Seoul and 40 to 45 percent in Inchon and Kyonggi Province. The DP will attempt to obtain 48 percent in Seoul, 43 percent in Inchon, and 45 percent in Kyonggi Province. The UPP will attempt to obtain around 40 percent of the votes in Seoul and Kyonggi Province, including Inchon. However, the most crucial factor in winning over voters in Seoul and its surrounding area is the direction of undecided voters—who are estimated to be 40 percent of the total voters of this region—and the feelings of voters in Kyonggi Province against the two Kims [Kim Yong-sam and Kim Tae-chung]. Along with this, the attitude of young voters in their twenties and thirties is also another crucial factor. Accordingly, it is believed that candidate Yi Chong-chan, of the New Korea Party, and candidate Pak Chan-chong, of the New Party for Political Reform, will greatly influence the candidates of the three political parties in winning over voters in Seoul and its surrounding areas.

The following shows the number of voters and their percentage, by province, for the upcoming presidential election:

District	Number of Voters	Percentage
Seoul	7,362,257	25.1
Inchon	1,332,209	4.6
Kyonggi Province	4,320,870	14.7
Sub-total	13,015,336	44.4
Pusan	2,560,934	8.7
Taegu	1,487,379	5.1
Kwangju	761,963	2.6
Taejon	723,895	2.5
Kangwon Province	1,029,268	3.5
North Chungchong Province	922,829	3.1
South Chungchong Province	1,236,222	4.2
North Cholla Province	1,323,901	4.5
South Cholla Province	1,505,534	5.2
North Kyongsang Province	1,933,205	6.6
South Kyongsang Province	2,500,969	8.5
Cheju Province	330,652	1.1
Total	29,332,087	100

* Post No Tae-u DLP-Government Ties Previewed

932C0008A Seoul HANGYORE SINMUN in Korean 3 Sep 92 p 3

[By reporter Chong Yong-mu: "What Will Become of Government-DLP Relationship?—Halt to Consultation System and Personnel Interchange Inevitable"]

[Text] A sweeping change is foreseen in the relationship between the Government and the Democratic Liberal Party [DLP] as President No Tae-u is resigning from the DLP. Basically, the president's resignation form the party in effect will change the DLP's status from the ruling party to No. 1 party or the majority party in parliament.

First of all, it seems inevitable that the party-government consultation system and personnel interchange, hitherto regarded as a mighty premium for the ruling party, will be discontinued because of their incompatibility with a neutral, election caretaker cabinet as pledged by the president.

The system of consultation between the Administration and the ruling party is based on Prime Minister's Directive No. 244, "Guideline concerning Party-Government Cooperation." But the directive itself is about to lose its political basis.

Currently, Chongwadae takes the position that "upon President No's resignation from the DLP, the present party-government consultation system will naturally be discontinued." But the DLP is still hoping for the continuation of the system, saying that "we are in an unprecedented situation and, therefore, there is a need for further study, including from a legal viewpoint." Its attitude largely reflects its wishes not to lose the vested rights as the beneficiary of the system; however, the outlook is that the government will reduce such cooperation, if continued, to an extremely limited scale, and to a scope deemed consistent with its relations with a No. 1 party.

Discontinuation of this system could immediately lead to the abolition of the office of First Minister of State.

This office has been used by the DLP and the Administration as a window of coordination and exchange between them; through it, the ruling party has been provided information on the mighty administrative organizations while the Administration has received political backing on major policies.

Abolition of this office means an end to the current daily flow to the ruling party of various intelligence from major agencies, including the Agency for National Security Planning, the police and the Defense Intelligence Command. As for the government, the change will undoubtedly put a brake on its "tyranny" in legislation of major policies.

Furthermore, even with such extremely limited cooperation between the Administration and the No. 1 party as mentioned in the above, it will apparently become a must for the government to extend similar cooperation to the No.2 and No.3 parties, namely, the Democratic Party and the Unification National Party respectively, to avert political troubles.

The DLP sees this situation as highly embarrassing. Kim Yong-ku, DLP secretary general, and Kim Yong-tae, its floor leader, both in their "personal" comments expressed hopes for the consultation system to be carried on with no interruption by saying that "the government should give priority to the views of the DLP as the majority party."

Yi Kyong-chae, special assistant to DLP President Kim Yong-sam, also said that "inasmuch as the DLP has been backing the government's economic policies, policy-related cooperation between it and the government should continue in the future."

The personnel interchange, a factor that has kept the party and the government as one, has become another issue. It will undermine the president's neutrality if he keeps bringing only DLP legislators into the cabinet after severing his ties with the party.

Kim Chung-kwon, senior presidential secretary for political affairs, has made it clear that "those coming in the new cabinet will either have no party affiliation or, in case they have one, will be required to renounce it."

This remark is interpreted as meaning more than that those with party affiliations will not be considered for cabinet posts. It is viewed as reflecting a more positive intent that figures who are thought to be politically biased shall be excluded from being considered.

The most fundamental change will come when the administration cuts off its executive and funding support that it has extended to the DLP in every major political event.

That change will likely constitute a key to determining if President No's resignation from the DLP, and his stated will for fair elections in that connection, are genuine and, consequently, a matter of utmost concern.

Investigators Probe Military Sales Scandal

SK2411034592 Seoul THE KOREA TIMES in English 24 Nov 92 p 3

[Text] A special team investigating the bribery scandal involving senior officers of the Army Logistics Command [ALC] will expand the probe of irregular sales of used heavy military equipment.

Sources at the Defense Ministry said yesterday that the special Army investigation team commanded by Army Judge-Advocate General Brig. Gen. Yi Sang-to would also make a thorough probe of illegal sales of obsolete military bulldozers and graders across the country.

The Army leadership, according to the sources, was shocked by the reports that a number of bulldozers and graders which were irregularly sold by the military were used by civilian construction firms in Inchon and in the Chungchongnam-to region.

The special probe team was formed on the order of Army Chief of Staff Gen. Kim Chin-yong to make a strict inquiry into the bribery scandal implicating field-grade officers of the ALC early this month when the corruption case was exposed by a tip-off from a junk dealer.

Five Army officers including Col. Pak Ho-kil, chief of the provost marshal office in the Pusan area, were arrested last week on suspicion of taking bribes from unlicensed junk dealers in return for selling bulldozers and graders without breaking them up before handing them over to civilians as stipulated by related military regulations.

The reports said that six firms in Inchon including Samshin Heavy Equipment Co. possessed 131 pieces of heavy equipment—38 bulldozers, 43 cranes, 35 graders and 15 loaders.

Taehung Heavy Equipment Co. in Chungchongnam-to has 21 bulldozers and graders disposed of by the military as worn-out equipment.

The Inchon City Hall and the Chungchongnam-to government mandated civilians to register such heavy equipment with the municipal and provincial authorities, receiving certificates of equipment sales from the central military equipment collection and disposal unit.

The equipment had been registered for two years from 1990 through 1991.

Investigators will focus their probe on how the unit could issue such certificates, according to the sources, suspecting that they might have been issued in an irregular manner.

The Army has been under heavy attack for attempting to shush up prevalent corruption involving disposal of used military heavy equipment.

Logistics Commander Relieved

SK2411091992 Seoul YONHAP in English 0901 GMT 24 Nov 92

[Text] Seoul, Nov. 24 (YONHAP)—Army authorities relieved Lt. General Pae Il-song, commanding general of the Army Logistics Command, of his duty Tuesday in connection with the illegal diversion of military construction equipment.

The Army said that an investigation by a special Army headquarters probe team showed that Gen. Pae was not directly involved in the diversion nor did he receive bribe.

Still, he was relieved of his post for neglecting proper supervision of men under his command.

The Army said that to prevent the recurrence of similar incidents in the future, it had formed a discarded equipment disposal research committee headed by Maj. Gen. Yi Su-ik, Army deputy chief of staff for logistics, in a bid to work out a set of steps to improve the process of disposal of discarded items.

Meanwhile, the Army said it was highly sorry to the people for the occurrence of a series of illegalities in the military which it said have much undermined the pride and honor of the military.

* Policy Specialists Discuss Opening of Economy

932C0021A Seoul SISA JOURNAL in Korean 8 Oct 92 pp 58-60

[Roundtable talk on the NAFTA and its impact on the Korean economy, by policy specialists Kim Ki-hwan, adviser to the Kim & Chang Law Office and former director of the Korea Development Institute; Yu Tuk-hwan, first assistant vice minister of trade and industry; and Yu Chang-hui, director of the Korea International Economic Policy Institute]

[Text] The world economic order is undergoing a fundamental change. Now there should be a change in our attitude too, in response to it. The global trends toward bloc-oriented economies are going to prove an overly tough challenge for newly industrializing countries like Korea. What is, or can be, our option in the rapidly changing international environment? Here we have arranged a round-table talk by the following three specialists on the future course of the Korean economy. (Editor)

Speakers (in order of the Korean alphabet): Kim Ki-hwan, adviser to the Kim & Chang Law Office and former director of the Korea Development Institute; Yu Tuk-hwan, first assistant vice minister of trade and industry; Yu Chang-hui, director of the Korea International Economic Policy Institute.

[Yu Chang-hui] In respect to the just concluded North American Free Trade Agreement (NAFTA), opinions are divided widely as to the reasons why the three countries, the United States and Canada and Mexico, moved to merge their markets, giving rise to "regionalism," at a time when the Uruguay Round [UR]—an effort for global liberalization—is still in progress. Some view the development with concern, warning that the U.S. foreign economic policy has taken on an antinomic aspect.

[Kim Ki-hwan] With regard to the conflict between a regionalistic trend and globalization as you have just referred to, Mr Yu, specialists' views seem to narrow down to two. The first is: why the need for any regionalistic move amid the present flow of internationalization like the UR? People of this view contend that regionalism and internationalization conflict with each other. The other view is that regionalism is not for "bloc" but "block" meaning the groundwork or preparatory phase. In other words, it argues: if the goal of the world economy is "integration," how could anyone expect it to be achieved at one stroke? According to people of this opinion, the approach should be stage by stage and, in this case, the path is through regionalism. As for me, I am more for the latter view.

[Yu Chang-hui] Although some claim that the United States perhaps announced the NAFTA in a blitz as a trump card to counter the EC's integration move, I feel that there can be another interpretation, and it is that the NAFTA is not intended to pursue an isolationist, regionalistic course but that it is a process toward global-scale internationalization.

[Kim Ki-hwan] As of 1990, Mexico's exports to the United States were as much as 78.6 percent of its total exports, while U.S. exports to Mexico accounted for 74.8 percent of Mexico's total imports. Barriers between the two countries are not very high. The average U.S. tariff on goods imported from Mexico is less than four percent, while the average Mexican tariff on imports form the United States is a bit higher but it still is only 10 percent. U.S. capital has free access to investments in Mexico while Mexican labor is also making inroads into the United States, although illegally. Therefore, we should recognize that there has been a free trade zone between these two countries. The NAFTA should be seen as an effort to make it a *fait accompli* and advance the free trade further.

[Yu Tuk-hwan] It is my impression that the United States, while leading the GATT, is trying to remove all the existing barriers in trade, investment and other exchanges and then establish a single economic order centering on the GATT. Maybe the NAFTA is just a step toward free trade and does not spell a sign for a bloc-oriented economy; nevertheless, in the short term it will cause pains for us.

[Kim Ki-hwan] I disagree with your reference to "pains." The reason I say so has something to do with the question of how we should respond to the NAFTA. The U.S. and Mexican economies are already integrated to significantly large degrees; under these circumstances, even if the two nations do away with all the existing tariff and other barriers over the next 15 years, the trade diversion effect from it will not be much. In other words, it is unlikely that it will do any particular harm to third countries, including our country. On the contrary, if the U.S. and Mexican economies become revitalized and speed growth thanks to the NAFTA, they will generate demands for more imports from around the world.

[Yu Tuk-hwan] Concerning the NAFTA, I would like to conclude this way: It could affect us in the short term; however, in the medium and long terms, problems can be solved by increasing our economic power. As regards the trade diversion effect or things like that, the NAFTA can, in my view, rather serve our purpose as it promotes an "economy of scale," among other things. U.S.-Canada and U.S.-Mexico trade regulations will be largely unified, making it easier for us, too, to approach. Also, this type of world economic change seems to provide a good opportunity for businesses to become internationalized. Trade and investment are the only key to it. The average U.S. tariff under the NAFTA is 5.1 percent. In addition, approximately 65 percent of trade items are duty-free, while the tariffs on the remaining 35 percent are scheduled to be eliminated over a period of five or 10 years or, in the longest case, 15 years respectively. Consequently, the impact on us is all but insignificant. The question is how we should steer our industrial policy in dealing with the internationalization issue.

[Yu Chang-hui] Inasmuch as the NAFTA has been an issue since 1990, I understand that private businesses, particularly those relying on exports to the United States, have been preparing measures for survival. Labor-intensive industries have already moved to places like Mexico or Dominica. Consequently, it is unlikely that we will encounter any difficulties unexpectedly at this time.

[Yu Tuk-hwan] The Korean Government, for its part, has also been working on contingency measures by, among other things, gathering information and assigning research themes to industrial researchers. Although media reported as if our businesses had been shocked and confused, the fact was that they were amazingly well prepared. Although it is generally thought that since Mexico and Korea compete on many items, the NAFTA would be a heavy blow to us, it is not the case. Of course there are items on which they compete. For example, home appliances, textile goods, petrochemical products, and auto parts. But, in its levels with these items, Mexico is lagging four to five years behind Korea. So, what we ought to do is to use this opportunity to develop high value-added products.

[Kim Ki-hwan] In the case of cars, the NAFTA shows in a way a tinge of protectionism by raising the local-content ratio to 62.5 percent. But the restriction can be eased in the course of future negotiations with countries involved. Also, in my view, there will be no major impact on foreigners' investments in our country. It is the low labor costs—as low as one seventh of the U.S. levels—that are drawing U.S. investments to Mexico. In the meantime, such investments as driven by low labor costs are, in fact, no longer coming to our country anyway. Also, the days are long gone when we benefited from such investments. So, what is needed for us now are investments seeking higher value added and utilization of technology.

[Yu Chang-hui] In my view, the NAFTA can contribute to further accelerating the liberalization trends of the world economy. It is a good thing indeed that the NAFTA keeps gaining in scale and free trade zones proliferate. But then comes the question: Should we remain idle until the day of that proliferation? I wonder if Korea, Japan and Taiwan—which are respectively playing an important role in the world trade—should get together and create a similar free trade zone, or they should carry on their economic cooperation centering on the Asian-Pacific Economic Cooperation Ministerial Meeting (APEC).

[Yu Tuk-hwan] Through Mexico, Washington will likely seek concerted support of all South American countries and take the offensive against the EC while persistently pushing for free trade agreements (FTA) with other countries. In the final analysis, our concern here is where our country stands regarding FTA. The government is conducting only basic studies and is in no position to disclose its final plans; however, the majority view is that an economic zone minus the United States is, in many aspects, virtually meaningless for Korea. Of our entire exports, 26 percent goes to the United States. Therefore, I think that a counter bloc excluding the United States is unthinkable for us.

[Yu Chang-hui] Recently, I had an opportunity to meet Prof. (Howtucker) of Harvard University and discuss the possibility of an economic zone in the Asian region. He said that Korea ought to make an in-depth study on two factors—that Japan should be kept out, and that China's huge markets must be included. According to him, the conception of an economic zone including such a huge market as China and upholding the same free trade spirit as the U.S.-led NAFTA does will have a persuasive power. At the same time, he observed that not only the United States but also many other countries are wary of Japan's closed trade and economic policies, and that consequently, Japan needs to reform its systems and understand what free trade is all about. Only after that, Japan can be considered for membership, he said, adding that if things go that way, an Asian economic zone has a chance of success.

[Kim Ki-hwan] What we should be most on guard against in connection with the NAFTA is viewing it as a sample of reinforced regionalism and thinking that we should have a similar exclusive bloc in East Asia. If we respond by creating a free trade zone in our region, it will lead to what is called a tripolar world. A tripolar world is, theoretically, the most unstable world just like a triangular love affair is the most troublesome of all human relations in the everyday life. A tripolar world should be prevented by all means. There are three ways, we may say, to prevent it. One of them is for us to join the NAFTA. Needless to say, joining it means a high price that we will have to pay, e.g., in the farm goods area. But it also means significant benefits for us. The second way is to activate the GATT as multilateral trade system quickly. To that end, the UR should be brought to conclusion at an early date. Currently, the UR is at a standstill because of disputes over agricultural issues and I understand that it is because of disagreements among the United States, the EC and Japan. If we cooperate to some degree in this area, there can be unexpectedly rapid advances in achieving a solution. If the UR arrives at a final settlement, we will be able to trade with all the markets around the world. The third and last way, a way perhaps somewhat passive, is to check the NAFTA through the APEC in case it takes a course of exclusionism. This will result in strengthening the APEC; if the APEC gets stronger this way, it will eventually grow to be an organization to control and coordinate not only the NAFTA but also other regional cooperative systems in the Asian-Pacific region. We can thus develop one big free trade zone covering the whole Asian-Pacific region as well as the Americas. With the EC, it will make up a bipolar world, which will be so much better than a tripolar world. Let me add one more thing on this occasion: Until today, the government has put a Korean-U.S. free trade accord under taboo. It would neither discuss it nor make public any research on it. From now on, it should work to arouse public opinion that "the time has come and we should be bolder. Let us see if we can join the NAFTA. Also, let us go ahead and bring the UR to successful conclusion."

[Yu Tuk-hwan] The U.S. economic woes led to the NAFTA. But it is unlikely that the NAFTA will bring a recovery to the U.S. economy. After all, the United States needs smooth relationships with other countries, too, beyond the scope of the NAFTA, and the path to them is through the UR. When the NAFTA is given a finishing touch, the United States will come back to the UR and stick to it. Therefore, by the time the UR reaches a settlement, we should be prepared to deal with bilateral issues and FTA problems. These problems should be understood in the same light as the UR. The reason is that in cases where the plus factors are 90 percent, it means that the minus factors are 10 percent, and that we often find ourselves preoccupied with the 10 percent side while lagging in pushing for the 90% side. An FTA will undoubtedly be a heavy blow indeed to a weak industry like agriculture, but we should pursue a positive course for the many plus-factors involved. Presently, however, things are not going well because of non-economic factors.

[Kim Ki-hwan] Speaking of non-economic factors, if we help bring the UR to success or enter into an FTA, it could less costly than remain idle. If we should neither cooperate with the UR nor enter into an FTA, we will have nothing left for except deeper protectionism and "bilateralism" with the United States. When it comes to bilateral negotiation, our negotiating capability is extremely limited. It should be taken into consideration that in the UR or an FTA, we can demand and obtain a leeway of 10 or 15 years, but not in bilateral negotiations.

[Yu Tuk-hwan] You are right, but important is how we should deal with problems that come up now and then in the course of pursuing policy. I attach importance to how the people respond in terms of consciousness to change in the world economy. No matter how good a program may be, important is whether the people have a sense of balance in their consciousness to follow it. Next, as the 12th-ranking trading nation in the world, we are awfully behind in our system and consciousness. For instance, the notion of internationally-shared responsibility is something unthinkable in our present situation. I think that policy can be pushed through effectively only when a balanced, internationalized sense is generated among the public.

[Kim Ki-hwan] In respect to international trade, there are too many things that our people, including the government and leadership, should be aware of but that they actually are not. For instance, regarding the UR, the ruling and opposition camps and the government have, in their messages to the people, kept saying that the rice market absolutely shall not be opened. But, in international trade affairs, there can be nothing "absolute." When we consider our needs for exports or the situation of the party we are dealing with, we obviously cannot afford to cling to an "absolutely no!" position, even in farm goods issues. Even in agricultural issues, our people are unaware that there are a number of alternatives. Only when there are straightforward communications and an unhindered flow of information on developments between the government and the public can the people make correct judgement and develop an internationalized sense. Incidently, these sorts of things are being sacrificed these days because of the election. The Ministry of Trade and Industry, for instance, should let the people know what merits and demerits the NAFTA has for us or what economic hazards will follow should the UR fall through, and try to secure their cooperation.

[Yu Tuk-hwan] If the NAFTA should be viewed as a sign of change in the world economy, I believe that there are things that the businesses, government and people should be doing in their respective domains to cope with that change in the world economic order. Businesses should by now be fully aware that they cannot survive unless they strive for internationalization and localization. The government has of late been unable to back up businesses on industrial policy levels. I think that this is the time for a new system or law to support their overseas operations. In my view, the role of the government and the state should be redefined in response to the change in the world economic order.

[Kim Ki-hwan] I know very well that in connection with the NAFTA, the government has been working on countermeasures since July last year. Nevertheless, systems hampering local investments and the like are still left in place. While preaching businesses to be competitive, the government domestically maintains monopoly and oligopoly prices to deprive them of opportunities to improve their competitiveness. It is simply impossible to expect businesses that have no experience in domestic competition to be competitive in world markets. Political leaders should be working to resolve this type of contradiction in particular for the nation. But, immersed in political scrambles, they are shown interest in the problem. Our situation today can be compared to that of the last days of the 19th century. At a time the world is changing rapidly, we are alone fighting among ourselves, only exhibiting our narrow outlook, are we not?

[Yu Chang-hui] I recall an article by Milton Freedman in the British weekly ECONOMIST dealing with the NAFTA. In reference to the phrase "free trade" contained in the title of agreement, he sarcastically asked "Have you now realized that there has been no free trade?" I wish to see free trade proliferating globally rather than regionalism deepening.

[Kim Ki-hwan] We must realize that the world is the setting for us from now on. We must understand that whether we like it or not, we must live and compete in a fair play with the people of the whole world. Internationalization and globalization mean that we compete and win in the world markets; to do so, we must begin with domestic competition.

[Yu Tuk-hwan] I hope that each economic entity will take this opportunity, the signing of the NAFTA, to internationalize its business sense. The business, government and people should all nurture their international, competitive sense. We should look out over the world and think. After NAFTA, the remaining UR will become a good test.

Annual Growth Plunges to Lowest Level Since 1980

SK2411100992 Seoul YONHAP in English 0659 GMT 24 Nov 92

[Text] Seoul, Nov. 24 (YONHAP)—The South Korean economy registered a growth of 3.1 percent in the third quarter, the lowest level in 11 years and below government projections of 5 percent, the Bank of Korea (BOK) said Tuesday.

Growth was last this low in the second quarter of 1981, when it sank to 3 percent. Last year's figure was 7.8 percent in the same quarter.

As a result, annual growth is likely to be 5 percent this year, the lowest since 1980, when the economy shrank, though it may recover in the last quarter on seasonal influences. Comparative figures in the first and second quarters were 7.4 and 5.9, respectively.

Economic growth was mainly off because of sluggish industrial production, construction, facility investment and private consumption caused by the government's economic stabilization policy.

According to the central bank's provisional tally of the gross national product in July-September, the economy expanded 3.1 percent in the third quarter for 5.4-percent growth in the first nine months from a year earlier.

Gross domestic product rose 3.4 percent, slightly higher than gross national product in the third quarter, meaning that foreigners' production in the country was more active than domestic businesses' overseas activities.

Agriculture and fisheries production soared a handsome 4.1 percent in July-September over the same period last year, while manufacturing posted a relatively low 3.2 percent due to dull domestic consumption and heavy inventories. The service sector expanded 4.8 percent while construction shrank 3 percent.

Consumption by the private sector increased 5.1 percent in the third quarter from the previous year and government spending registered growth of 10.4 percent.

Construction and facility investments shrank 3.6 percent and 3.2 percent, respectively, causing fixed investment to contract 3.4 percent, playing an integral role in pulling down GNP growth in the quarter.

Commodity exports jumped 11 percent in July-September centered on shipments of chemical products, ships and automobiles, but imports fell 5.2 percent owing to dull domestic consumption.

Light industrial output dropped 3.6 percent while heavy and chemical industrial production climbed 6.7 percent.

Mining industry shrank 12.9 percent due to the plunge in coal production and sluggish production of aggregate following the construction slump.

Construction by the private sector plummeted 6.5 percent in the third quarter but advanced 2.1 percent in the public sector with the aid of lively civil engineering.

Economic growth was dull because of weak domestic consumption, a BOK official said, adding that it would recover in the last quarter as the government's promotion measures for facility investment would start to work.

Brunei, Malaysia & Singapore

Malaysia

UNSC Urged To Accept 8 More Nonpermanent Members

BK2411070792 Kuala Lumpur BERNAMA in English 0612 GMT 24 Nov 92

[Text] Kuala Lumpur, Nov 24 (OANA-BERNAMA)—Malaysia has proposed that the United Nations (UN) Security Council be enlarged by eight more non-permanent members to provide for regional representativity.

Malaysia's permanent representative to the UN, Razali Ismail, said three of the additional seats should be allocated to Asia, three to Africa, and two to Latin America.

The formula would provide an equity distribution ratio of 9:1 from the three regions and help developing countries balance the current overrepresentation by industrialised countries in that world body, he added.

He was speaking in the plenary session of the UN General Assembly deliberating the question of equitable representation and increase in the membership of the Security Council.

The text of his speech was faxed to BERNAMA Tuesday by the Malaysian Permanent Mission to the UN in New York.

The Security Council is now made up of five permanent members—the United States, Russia, China, France, and Britain—and 10 non-permanent members elected from among the rest of the members for a two-year term on a rotational basis. Razali said: "We are concerned that over the years, due to the expansion of the UN membership, with new members coming mainly from the developing countries, it has [words indistinct] distorted the distribution of the council seats to the benefit of the industrialised countries."

He noted that the current ratio of region repesentation among non-permanent memzers in the council was 22:1 for Asia, [figures indistinct] for Africa and Latin America; [figures indistinct]:1 for Western Europe and others; and 10:1 for Eastern Europe.

He said: "The industrialised countries in general, and in particular Europe, with the fusion of Western and Eastern Europe, are glaringly over-represented in the council, holding four out of five permanent memberships.

"Thus, given such a distorted and inequitable geographical representation, the council cannot be expected to represent and be on the side of the world's majority, attending to the problems of the world's majority."

The question of permanent membership and their veto powers should also be closely examined, he added.

"We cannot accept the premises of 1945 to be perpetuated," he said, adding that Malaysia did not believe that the five permanent members now fully represented all the world's power centres.

He said the present structure of the council provided many grounds to complain about from the non-permanent members which Malaysia itself experienced in 1989 and 1990.

He added: "We acknowledge that there have been many responsible decisions taken by the Security Council in recent years that have enhanced the status of the United Nations and the council, but this does not mean the council should resist changes.

Also, it is a well-known fact that there have been many decisions which have been the result of pressures and railroading by a powerful few arrogating to themselves the right to decide on behalf of all."

It was time, he said, to reject collectively the idea of an elite group continuing to decide exclusively on critical issues that affect peace acd security (of the world).

Noting that the task to change the council was not easy, Razali said the Security Council, nevertheless, like other organs, should adapt to the changing circumstances to enhance its credibility, moral authority, and overall acceptibility.

Minister on Uruguay Round, U.S.-EC Compromise

BK2411091192 Kuala Lumpur BERNAMA in English 0728 GMT 24 Nov 92

[Text] Kuala Lumpur, Nov 24 (OANA-BERNAMA)—Malaysia is confident that the Uruguay Round of talks on the General Agreement on Tariffs and Trade (GATT) will conclude by year end, Deputy Foreign Minister Dr. Abdullah Fadzil Che Wan said Tuesday.

He said he was happy that the United States and the European Community [EC] had finally reached a compromise on their dispute on farm subsidies last week.

"We see this as a positive development in successfully ending the talks which has been ongoing for years now," Dr. Abdullah Fadzil told reporters after opening a seminar on "The European single market—implications for the ASEAN timber industry" here Tuesday.

The United States had expressed displeasure over the high subsidies the EC gave to its farmers, resulting in the United States losing out millions of dollars in the agricultural sector.

Dr. Abdullah Fadzil also said the Austrian Government had agreed to put on hold the implementation of its eco-labelling law.

He said this showed that Malaysia's efforts and lobbying to fight for tropical timber products proved fruitful.

Last June, the Austrian Government passed a law requiring all imported timber products to be labelled.

The law, which took effect on 1 September, requires all commercial timber products to be labelled as "made from tropical timber," or "contains tropical timber."

"Although the Austrian Government claimed that the legislation was not intended to discriminate against tropical timber, we find that it is against fair practices of world trade," said Dr. Abdullah Fadzil.

Minister of Primary Industries, Dr. Lim Keng Yaik is expected to meet Austrian authorities soon to present Malaysia's views on why the law should not be implemented.

Fadzil said although not yet an EC member, Austria was high on the list of countries for EC membership.

"Such discriminatory moves arising out of lack of consultation would encourage lobby groups in the EC to take similar actions without full facts," he said.

In fact, some Green lobbies in certain EC countries were already doing so, said Dr. Abdullah Fadzil, adding that he was happy with the cooperation given by the ASEAN governments in thwarting such actions.

Despite all the brouhaha on tropical timber, he said statistics showed that Malaysia's trade and investment with the EC and United States had not been affected.

"In fact, the figures have increased tremendously showing that Malaysia is still a popular investment and trading centre for them," he added.

In his speech, Dr. Abdullah Fadzil said Malaysia hoped that the Single European Market (SEM) will turn out to be a forward-looking, open, and liberal force and not an impregnable fortress."

"If the SEM sets forth a process of liberalisation that allows market forces to work without impediments, then such a powerful market could offer enormous advantages to world exporters," he said.

Not only that, Dr. Abdullah Fadzil said, it would positively shape and influence the direction of world trade.

The two-day seminar, organised by the ASEAN Timber Technology Centre, attracted 103 participants from the region.

Singapore

Viet Refugees Hospitalized After Hunger Strike

BK2411103592 Singapore THE STRAITS TIMES in English 24 Nov 92 p 3

[Text] Twenty-two Vietnamese refugees have been admitted to hospital for malnutrition since 60 of them began a hunger strike last Tuesday.

So their leader, Mr Tan Throng Tran, 23, has advised about half of the group to call off their fast. The group, which includes women and children, are protesting against seven Western countries which failed to remove them from Singapore as promised.

Five refugees are still warded at the Tan Tock Seng Hospital. Two of them were brought in yesterday, said Mr Tan.

During the hunger strike, three men attempted suicide. Two of them took an overdose of anti-stress pills while another drank kerosene. All have since been discharged from hospital.

Two months ago, a 14 year-old refugee also attempted suicide when told she would not be resettled.

Mr Tan said that on Saturday he advised his weaker members to break their fast, after he met officials from the United Nations High Commissioner for Refugees (UNHCR) who promised to send the protesters' letter of appeal to its head office in Geneva, Switzerland.

The protesters want the results of their refugee screening reversed. They did not qualify for refugee status. This means they cannot be resettled in other countries.

The officer in charge of the UNHCR office in Singapore, Mr Meechubot Thamrongsak, confirmed that he had forwarded their appeal to Geneva yesterday.

He declined to speculate on the likely outcome of this appeal.

The 85 Vietnamese, who have been in the Hawkins Road Refugee Camp at Admiralty Road West for between 16 months and more than two years, were screened by the UNHCR which determined that they did not qualify for refugee status.

The Singapore Government does not recognise the screening process.

Asked why it took so long for them to be screened, Mr Meechubot admitted there had been some "technical problems" but he did not elaborate.

The Vietnamese were allowed to land in Singapore after the seven Western countries gave written and unconditional assurances to the Government that they would remove them from the island within three months.

These countries—the United States, the United Kingdom, Netherlands, Norway, Sweden, Denmark and Germany—have since failed to honour their pledge.

Yesterday, a Straits Times team visited the 30 odd people who are continuing with their fast. All showed physical signs of their ordeal.

Some had skin problems from sitting in an open field through seven days of intermittent showers. But the most striking thing about the group was the look of dejection on their faces.

Said Mr Tan, 23: "The rest of us here will continue with our hunger strike and our sit-in until we get a positive reply from Geneva."

He said that he had warned his fellow countrymen against attempting suicide to further their cause.

But at the same time he warned: "If the decision from Geneva is that we cannot be resettled and are forced to go back to Vietnam, then I will kill myself. I cannot go back."

This group has been classified as economic rather than political refugees. UNHCR officers had visited the camp several times to persuade them that their future lay in returning home.

They were assured that they would not be harassed by the Vietnamese authorities.

Lashing out at the UNHCR's screening process and the indifference of the seven Western countries, Mr Tan said: "I escaped from a re-education camp where I was locked up for several years just because I used to play Western music.

"Many of us were imprisoned in Vietnam. Some of the older ones took up rifles to fight with the Americans.

"Little children have been resettled in the West. They know nothing of the war and yet they were called political refugees. We barely escaped with our lives and now they call us economic refugees.

"How can we trust the UNHCR and the seven countries that we will be safe in Vietnam when they have gone back on their word to remove us from Singapore within three months?"

Cambodia

Sihanouk Condemns Attacks on FUNCINPEC

BK2211065092 Hong Kong AFP in English 0631 GMT 22 NOV 92

[TEXT] Phnom Penh, Nov 22 (AFP)—Prince Norodom Sihanouk strongly condemned a spate of grenade attacks against his FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] political party that injured 11 people in northwest Cambodia, and demanded that the culprits be found.

"I condemn with the utmost severity these unjustifiable and unpatriotic crimes, their perpetrators as well as those behind them," the prince said in a letter faxed to the party headquarters in Phnom Penh, a copy of which was seen here Sunday.

Prince Sihanouk is currently in Beijing, where he has a second residence.

The FUNCINPEC party is led by Prince Sihanouk's son, Norodom Ranariddh, and is loyal to the prince.

It has recently set up party offices around Cambodia ahead of U.N.-run elections scheduled for May 1993, but has experienced harassment and intimidation of its party workers.

Last week, two separate grenade attacks on FUNCINPEC workers and the party office left 11 people injured, some seriously, in the northwestern city of Battambang.

U.N. Transitional Authority in Cambodia (UNTAC) chief Yasushi Akashi subsequently issued a condemnation of all such politically motivated attacks.

"I ask Mr. Yasushi Akashi and UNTAC to have an appropriate investigation conducted to find the culprits or those behind them," the prince's letter said.

Gunmen Ambush UN Election Registration Team

BK2411112892 Hong Kong AFP in English 1104 GMT 24 Nov 92

[TEXT] Phnom Penh, Nov 24 (AFP)—Unidentified gunmen brandishing automatic weapons ambushed a UN convoy carrying an election registration team in central Cambodia on Tuesday, injuring three people, at least one critically, a UN spokesman said.

One foreign election worker and two Cambodians on his registration crew were shot in the ambush 50 kilometers (30 miles) north of the Angkor temple complex in central Siem Reap Province, spokesman Eric Falt said.

The election registration team was travelling with a UN civilian police escort, which was not fired on, the spokesman said.

The three were evacuated to the UN field hospital in Phnom Penh.

The foreign worker, whose name and identity were not released, was shot in the thigh and was in stable condition, Falt said.

One Cambodian was shot in the chest, and the other was shot in the lower abdomen. At least one of those injuries was critical, Falt said.

Sihanouk Greeted by Russian President on Birthday

BK2211063092 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 22 Nov 92

[Text] His Royal Highness Prince Norodom Sihanouk, head of state and chairman of the Cambodian Supreme National Council, received a sincere birthday greetings message from Russian President Boris Yeltsin. The message says:

On your 70th birthday, please receive my sincere wishes for good health and great success in your activities for the benefit of the Cambodian people. Russia is fully committed to a political solution in Cambodia based on the Paris agreement.

We highly praise your constructive contribution to the peace process in the land of Angkor. We believe that the goal, to be quickly achieved, will be beneficial to the revival of Cambodia as a sovereign, independent, neutral, nonaligned, and prosperous state in favor of the normalization of the political situation in Southeast Asia and the future expansion of the traditional friendship between Russia and Cambodia.

Interior Minister Visits Banteay Meanchey 17 Nov

BK2311061292 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 22 Nov 92

[Excerpt] On 17 November in Banteay Meanchey Province, a ceremony was organized to lay the first foundation for the Banteay Meanchey high school at the initiative and with assistance of the Cambodian People's Party [CPP]. Present on this occasion were His Excellency Sar Kheng, standing committee member of the CPP Central Committee, vice chairman of the Council of Ministers, and interior minister; General Ke Kimyan, standing committee member of the CPP Central Committee, first deputy defense minister, and chief of the General Political Department; Monh Kosal, member of the CPP Central Committee and chairman of the Banteay Meanchey provincial people's committee; and other leading local figures. [passage omitted)

Heng Samrin Chairs Council of State Meeting

BK2411053492 Phnom Penh SPK in French 0400 GMT 24 Nov 92

[Text] Phnom Penh 24 Nov (SPK)—Cambodia's Council of State has decided to award the "7 January" order to Sihanoukville (formerly Kompong Som).

At a recent ordinary meeting in Phnom Penh chaired by Heng Samrin, the council decided to grant amnesty to detainees in Kampot and Prey Veng Provinces and those held by the military court. It also decided to release four detainees at the Ministry of National Security and listened to a report on the appointment of cadres and the promotion of two generals of the Cambodian People's Army.

Indonesia

Further Reportage on Arrest of Fretilin Chief

BK2411081792 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 24 Nov 92

[From the press review]

[Text] ANGKATAN BERSENJATA, TERBIT, and KEDAULATAN RAKYAT continue to focus their attention on the capture of Xanana Gusmao, leader of the Fretilin [Revolutionary Front for an Independent East Timor].

According to ANGKATAN BERSENJATA, the capture of Xanana Gusmao was an outstanding achievement by the Armed Forces of the Republic of Indonesia [ABRI]. This is very important for security in East Timor and to ensure the implementation of smooth development to put it on par with other regions. The Portuguese Government should also now awaken from its dream as East Timor is no longer its colony, but independent and under the unitary state of the Republic of Indonesia.

Meanwhile, TERBIT reminds us to learn from the experience as the capture of Xanana Gusmao and a number of other Fretilin figures does not mean that their movement has been totally crushed. In addition, it is not impossible that they may have already raised new cadres. For this reason, the daily stresses the need for enhanced vigilance for the smooth implementation of future development there.

KEDAULATAN RAKYAT says the capture of Xanana Gusmao will have far-reaching positive implications on Indonesia. The international community will know about Xanana Gusmao, who was behind the 12 November Dili incident. ABRI, which has been tarnished by the incident, can now prove that Xanana Gusmao exists and is not a fictitious figure invented by the ABRI or the Indonesian Government.

Red Cross Barred From Seeing Gusmao

BK2411081392 Hong Kong AFP in English 0759 GMT 24 Nov 92

[By Pascal Mallet]

[Excerpts] Jakarta, Nov 24 (AFP)—The International Committee for the Red Cross (ICRC) has not been allowed to visit detained Fretilin leader Jose Xanana Gusmao and other East Timorese separatists arrested recently, ICRC's representative in Indonesia said Tuesday.

Pierre Pont told AFP: "For us, the case of Xanana Gusmao is no different. We must see him, like all those arrested along with him last Friday in (the East Timor capital) Dili, as well as all those who have been imprisoned by the Indonesian military before the first anniversary of the November 12 shootings."

THE JAKARTA POST on Tuesday quoted Colonel Yohan Supit, head of the Indonesian Army's Information Service in East Timor, as saying that five other people were arrested last Friday, including two brothers-in-law of Gusmao.

The leader of Fretilin, the acronym of the Revolutionary Front for the Independence of East Timor, was captured in the basement of a house in a Dili suburb, according to Indonesian press reports.

The authorities have since refused to disclose Gusmao's whereabouts. Armed forces spokesman Nurhadi Surwosaputro indicated that the ICRC would be able to see him at an appropriate time, without elaborating. [passage omitted]

On November 11, according to informed Indonesian sources, a young East Timorese was arrested in Dili with pamphlets calling for a demonstration on the anniversary the next day.

Meanwhile the Indonesian Front for the Defense of Human Rights (INFIGHT) said in a communique received Tuesday by AFP that "the government and especially the army must not view the arrest (of Gusmao) only from the military angle."

The non-governmental organisation said it hoped Gusmao would be interrogated "with respect for the law and human rights."

It noted that Portugal and Indonesia are to resume talks next month under U.N. auspices to try to revive a dialogue that broke off in October 1991.

INFIGHT also called on the Indonesian government to "soften ... its military approach to the problems of East Timor, which contributes to blemishing Indonesia's image on the diplomatic scene. [as received]

Editorial Views Cambodian Peace Process

BK2311143392 Jakarta KOMPAS in Indonesian 10 Nov 92 p 4

[Editorial: "The Dynamics and Dialectics of the Cambodian Problem"]

[Text] The Cambodian peace process is now facing problems because one of the four Cambodian factions has refused to disarm and demobilize its troops. The disarmament is a prerequisite to create a peaceful and "neutral" political situation for the holding of a general election. A "mini" two-day Paris peace conference was held in Beijing, but it failed to produce any results.

The Beijing conference was an emergency one attended by the two co-chairmen of the Paris peace conference on Cambodia, namely Indonesian Foreign Minister Ali Alatas and his French counterpart Roland Dumas, chairman, and all members of the Cambodian Supreme National Council [SNC], chairman of the UN Transitional Authority on Cambodia [UNTAC], the Thai and Australian foreign ministers, and representatives of the permanent members of the UN Security Council.

The Democratic Kampuchea faction, better known as the Khmer Rouge, has refused to disarm and demobilize its forces for several reasons. One of their reasons is the presence of Vietnamese troops and a large number of Vietnamese immigrants in Cambodia. This excuse is in fact a follow-up to the old allegation launched by the Khmer Rouge even before the Paris peace agreement was signed, namely the "Vietnamization of Cambodia" aimed at supporting the Hun Sen-led State of Cambodia [SOC] faction.

The allegation on the presence of Vietnamese troops will eventually fade away because it cannot be substantiated and also because they have indeed been pulled out from Cambodia. The presence of "Vietnamese settlers" in Cambodia is a complicated issue—some of them had earlier settled in Cambodia, but left the country due to the war. Others are newcomers whose arrivals are harder to control because Cambodia provides better opportunities for these Vietnamese settlers to make a living than in their native land. In short, Cambodia is like an open sugar warehouse that is attracting ants.

In the current situation in Cambodia, it is hard or meaningless to say whether or not these settlers are illegal immigrants because these people can easily obtain some kind of identification cards. These people are in fact skilled workers—a rare breed of people in Cambodia itself. Therefore, viewed from an economic angle, their presence is needed by the local people and foreign community members working there.

The Democratic Kampuchea faction now wants to play its role in the interim Cambodian government through the SNC. This is in fact an old issue overlooked in the Paris peace talks. The essence of the issue is who should actually govern Cambodia during the transition period after the Paris peace conference was signed and the establishment of a new and valid government coming from an election supervised and held by the United Nations.

In the Paris peace talks, this issue was avoided and therefore not solved. The first assumption was that all warring Cambodian parties signed the Paris peace accord as political factions or groups, not governments. The second assumption was the recognition of the status quo principle, meaning to say, the accord continued to recognize the existing Cambodian factions as political, military, and administrative entities which were de facto rulers of the areas they controlled. This administrative aspect of area control is closely related to population control, which is important for each faction in maintaining its political survival in the coming general election.

Therefore, it is necessary for UNTAC to work together with existing local administrative institutions. Because the headquarters of UNTAC and other international organizations are based in Phnom Penh, a place controlled by the SOC faction, local SOC administrative institutions have benefited from the Paris agreement, especially in the form of international assistance programs and UNTAC expenditures.

As such, the Khmer Rouge alleged that the UNTAC presence had "strengthened" the SOC's image and position. This allegation is partly true, but in fact, if the Khmer Rouge complies with the disarmament and demobilization program and opens up its areas to the personnel of UNTAC and other international organizations, its personnel and supporters will also receive the economic benefits.

If the Khmer Rouge's demand to get a share of the current preelection Cambodian Government is fulfilled partially or entirely, it will cause serious consequences to the Paris peace accord as well as to the SNC and UNTAC.

Why does the Khmer Rouge act the way it does despite the fact that it was willing to accept the Paris peace accord in its entirety? First, it is because the threat from its main enemy—Vietnam—has disappeared. It is absurd to imagine that Vietnamese troops will come back to support Hun Sen if the Khmer Rouge is creating trouble. In other words, the Hun Sen faction is now alone, at least in military terms, even though the faction can still seek political alliance with the Sihanouk faction. For this reason, the Khmer Rouge no longer needs the PRC or Thailand if it wants to fight Hun Sen.

Second, the Khmer Rouge has managed to take advantage of the cease-fire, especially for its political, and perhaps economic consolidation as well as territorial and community development in the areas under its control. The Khmer Rouge continues to exercise absolute control over remote rural areas populated by impoverished and backward peasant communities who have never received any attention from any central government. In terms of the Khmer Rouge's communist doctrine, these areas represent the pockets of resistance that will never slip from its control.

Third, artificial as well as real peace have equally bad impacts on Hun Sen supporters as can be seen from their social and political attitude. There is now a kind of demoralization, rampant corruption, and a decline of anti-Khmer Rouge attitude compared to the situation three or four years ago. This is caused by a situation of pseudo wealth in Phnom Penh, while in the rural areas the situation is completely different. The cease-fire has also nearly erased the Khmer Rouge's military threat from the ordinary people's minds.

Fourth, what is no less important is the changing global situation. To the Khmer Rouge, this means there is no longer any external force willing to make sacrifices in Cambodia in the manner of what the Communists used to describe as "international duty." Against this global situation, as well as the situation in Cambodia itself, now is the best time for the Khmer Rouge to take the political initiative so as to gain the upper hand and reap benefits from peace in Cambodia because this faction believes that if another war breaks out, the Phnom Penh government and other groups based in the capital will be severely affected.

Therefore, we welcome the move by Indonesian Foreign Minister Ali Alatas and his French counterpart Dumas to raise the Cambodian issue again at the UN Security Council because the council is authorized to make a decision as to how UNTAC must act to solve the current problem. UNTAC is only an executor which tends to follow the resolutions, rather than the objectives of the Paris accord.

Perhaps it is useful to seriously listen to what the Khmer Rouge has to say and invite them to sit down for talks so as to seek the best solution for the stalemate. For this reason, the role and authority of the UNTAC chairman must be amended to make him a more independent and flexible person so as to achieve a political breakthrough aimed at realizing the objectives of the Paris accord. A revision of the accord may make things more complicated. The implementation of the accord may also be made more flexible by allowing a number of informal but effective moves. Even though this may also lead to a more complicated situation, it will at least provide an opportunity to show UNTAC's integrity.

Outside groups should also exercise restraint by not making the situation worse with high-sounding but meaningless statements that cannot be applied to the actual situation. An example is the talks about a possible economic or arms embargo against the Khmer Rouge. This embargo will be hard to implement because the Khmer Rouge is accustomed to be self-supporting in all fields. If the embargo is imposed only on the precious stone trade between the Khmer Rouge and Thailand, it must be borne in mind that Thailand needs the trade more than the Khmer Rouge.

Moreover, if the warring factions in Cambodia are indeed not ready for peace, nothing can be done by any third party to improve the situation. The Paris peace conference was held because of external parties' concern over and interests in Cambodia. However, things are now changing and this is indeed the dynamic and dialectic of the Cambodian problem.

Accord Reached With Malaysia on Border Security

BK2111103092 Kuala Lumpur Voice of Malaysia in English 0800 GMT 21 Nov 92

[Text] Malaysia and Indonesia have agreed in principle to upgrade the exchange of security information along sea and land borders under the Malindo General Border Committee, GBC, cooperation. According to a joint statement by the GBC Staff Planning Committee meeting in Jakarta, agreements have also been reached to intensify the quality of planning and implementation of joint planning by armed forces of both countries. The joint statement was issued at the end of the four-day biennial meeting in the Indonesian capital.

Malaysia and Indonesia also agreed in principle to enhance training for joint search-and-rescue operations in border areas. Both countries later agreed to upgrade cooperation in works pertaining to [word indistinct] economy at border areas. The outcome of the meeting will be reported to the defense minister, Datuk Sri Najib Tun Razak, and the Indonseian Armed Forces chief, General Try Sutrisno, at the Malindo GBC meeting next month.

Finance Minister on Bank Management, Foreign Debt

BK2011101292 Jakarta THE JAKARTA POST in English 11 Nov 92 p 1

[Text] Jakarta (JP)—Minister of Finance J.B. Sumarlin warned owners of domestic banks yesterday against heavy involvement in the management of their banks.

"Too much involvement is unhealthy and it often causes the collapse of the banking operations," the minister said in a hearing with members of the House of Representatives.

Sumarlin said that bank owners tended to use their banks for the benefit of their other companies and this trend was very disastrous to the banking industry.

Several banks have suffered financial management difficulties due to the intervention of shareholders in bank operations, the minister said.

Bank owners are allowed to take a maximum of only 15 percent of their paid-up capital in loans from their banks, "but many of their borrowings have exceeded that legal lending limit," the minister said. He was answering one of around 60 questions raised by members of the House Commission on Finance, Trade and Cooperatives.

The hearing was the finance minister's first meeting with the newly elected House members.

The House members questioned the finance minister on a wide range of economic and financial issues, such as the mounting debts, export opportunities and the sluggish capital market.

The minister's statement came just a week after Bank Danamon took over the financially-troubled Bank Sampoerna. There was no official statement on the reason for Bank Sampoerna's financial difficulties, but reports said the financial problem occurred after its majority shareholder failed to return loans of around Rp 40 billion (US$19.7 million).

Bank Umum Majapahit and Bank Summa were earlier reported to have faced similar problems.

Sumarlin dismissed economists's criticism of the country's mounting foreign borrowings, saying that "our debt level is still safe and reasonable."

The minister said that the composition of the Indonesian debts was quite different from that of Latin America's debts, which mostly consisted of commercial borrowings.

"Indonesia's outstanding foreign debts have reached around $70 billion, of which around $52 billion is owed by the government and the remainder by private companies," he said.

He said that the total Debt Service Ratio is 32 percent, with 23 percent accounted for by the government and another nine percent by private companies.

"The Debt Service Ratio (the ratio between debt servicing and export earnings) is high enough but it is still safe because the quality of our debts is good," he explained.

Senior economists and former ministers Ali Wardhana and Sumitro Joyohadikusumo have urged the government to make all out efforts to reduce the debt service ratio to the safe level of between 20 and 25 percent in the next five years.

The country's two most senior economists said that effective measures should be taken to prevent Indonesia from repeating the mistakes of Latin American countries.

Sumarlin denied that the government had done nothing to improve the sluggish trading in stocks.

"Several measures have been taken to revitalize the stock trading, from the privatization of the Jakarta Stock Exchange to the improvement of the law enforcement," he said.

He said the Finance and Justice Ministries are still preparing for changes in the types of shares traded in the stock exchanges to improve trading liquidity.

"All registered stocks on the stock markets will be converted into bearer shares to promote active transactions," he said.

According to the Capital Market Supervisory Agency, shares listed on the Indonesian stock markets are all registered stocks except those of the Surabaya-based PT Zebra Taxi [Company Limited].

The minister said the monetary situation would also be made more favorable to stock trading.

"Many overseas fund managers have invested their money in short-term Bank Indonesia certificates but sooner or later they will shift their investment portfolio into common stocks, especially when the interest rates on the certificates decline," he said.

The minister said the annual interest rates on the certificates could be further reduced from the current 14.5 percent to increase liquidity.

Laos

Schedule Set for Paying Homage to Kaysone

BK2311161492 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 23 Nov 92

[Text] This morning, the funeral committee for the late Chairman Kaysone Phomvihan issued an instruction saying the National-Level Funeral Committee wants to inform all the fraternal Lao people that the schedule for paying homage to and laying wreaths before the remains of Chairman Kaysone Phomvihan has been fixed as follows:

1. On 23 November: the morning session is from 0900 to 1200; the afternoon session 1400 to 1800; reserved for the

party and state organizations, ministries, organizations of ministry level, and mass organizations of central level.

2. On 24 and 25 November: the morning session is from 0800 to 1200; the afternoon from 1400 to 1800; for provinces, districts, mass organizations of grass-roots level, private organizations. Private companies and individuals wishing to pay homage to and lay wreaths before the remains are requested to inform the subcommittees or public relations booth located in front of the National Assembly, or through telephone No. 169846 or 169847, or contact the Protocol Division, the Foreign Affairs Ministry, tel. 2149 or 4257.

3. On 26 and 27 November: the morning session is from 0900 to 1200; the afternoon from 1400 to 1750; for embassies and international organizations representative offices in Laos.

Editorial Grieves for Kaysone

BK2411070592 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 23 Nov 92

[Editorial by the editorial staff of Lao People's Army Radio Program, entitled: "The Lao People's Army Will Maintain Its Great Gratitude Toward Beloved President Kaysone Phomvihan"]

[Text] Beloved listeners: All cadres and combatants in the Lao People's Army [LPA] are deeply grieved and incomparably mournful with the demise of President Kaysone Phomvihan, an excellent son of the multiethnic Lao people; a hero of the Lao nation; an outstanding leader of the party, state, nation, and the LPA; a true patriot; and a close friend of people around the world.

Throughout more than a half-century, the fame, virtues, and revolutionary cause of President Kaysone Phomvihan were closely linked to the struggle and progress of the multiethnic Lao people. He devoted his whole life to the revolution, the country, and the multiethnic Lao people and made great contributions to the brilliant internationalist cause. The Lao people's Armed Forces are immensely grateful to President Kaysone Phomvihan—the organizer, leader, and direct commander of the LPA. All achievements and victories in the building, growth, and development of the LPA scored in every period of the victorious revolutionary struggle are closely linked to the clear-sighted, talented leadership and command of the late president. He paid particularly close attention to guiding constantly the building and strengthening of the Armed Forces both in the political, ideological, and organizational field as well as in the strategtic and tactical field by arming them with proper weapons, aimed primarily at raising their quality. Even though he had to shoulder a great deal of heavy work in various fields, President Kaysone Phomvihan always found time to remain close to all armed units and to personally give moral support to and to hail the armed forces in the field. He seized every opportunity to attend meetings of officers to meet and to teach them to pay attention to building the Army into an organization with a true revolutionary nature, a sense of firmness, and an esteemed spirit of patriotism; an Army which knows how to identify friend and foe, is heroic in fighting against the enemies and in defending the country and people, fulfills the three major tasks as well as the four-relations and the three major democratic rules in the army. He instructed them to regard politics and ideology as a primary factor and to [word indistinct] as a key in building the Army.

At the same time, President Kaysone Phomvihan also paid close attention to building and raising the fighting standard of the LPA in accordance with our party's military line and strategy so as to ensure that the Armed Forces continue to grow stronger and to fulfill all duties entrusted by the party.

The demise of President Kaysone Phomvihan, who has left us forever, constitutes a great loss to the Lao People's Revolutionary Party, the Lao People's Democratric Republic, and the multiethnic Lao people. The LPA in particular has lost our beloved founding father, a talented leader, and a sharp military strategist. He was a great Lao leader who has created history for Laos which is closely linked to the history of the epoch. [passage indistinct]

Deeply grieved with the death of President Kaysone Phomvihan and with our fond memory and profound gratitude toward him, all LPA cadres and combatants pledge to maintain an unprecedentedly high sense of vigilance and, to remain united as one under the LPRP, to turn our grief and sorrow into the strength of practical deeds, to resolutely forge and build the Army into a strong entity in accordance with his teachings, to cooperate with the multiethnic people to continue fulfilling the restructuring in a comprehensive and principled manner, and to attentively build and develop the people's democratic regime so as to turn Laos into a country with peace, independence, democracy, unification, and prosperity in accordance with his esteemed ideals.

President Kaysone Phomvihan will remain forever in the cause of the building, growth, and victorious fighting of the LPA.

Phoun Sipaseut Receives UNICEF Official

BK2111063092 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 19 Nov 92

[Text] Phoun Sipaseut, deputy prime minister and minister of foreign affairs of the Lao People's Democratic Republic [LPDR], received a courtesy call from [name indistrict], Asia-Pacific regional director of UNICEF in Vientiane on the evening of 18 November.

The deputy prime minister and the guest held talks and exchanged views on various issues, especially past and present relations, cooperation, and assistance between Laos and UNICEF. Both sides concurred that achievements have been satisfactorily attained in various aspects and should be enhanced more expansively.

The UNICEF Asia-Pacific regional director is scheduled to visit Laos from 17-22 November. During the period, he will visit and inspect the progress of UNICEF-assisted projects in Vientiane Municipality and Luang Prabang Province.

Defense Minister Speaks to Southern Region Unit

BK2111103592 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 20 Nov 92

[Text] In early November, the command staff of Army unit A-5 in the southern region organized a lecture at the mess hall of the unit on the current world and domestic situation. The lecture was delivered by Lieutenant General Choummali Sai-gnason, minister of national defense. It was attended by more than 300 comrade officers at different levels from the unit and from the military command of Champassak Province. Also attending were police officers from throughout the province as well as officers from various schools, hospitals, and other Armed Forces units in southern region.

In the lecture which was given during his visit to the south, Minister Lt. Gen. Choummali Sai-gnason expressed the concern of higher echelons in general and of the National Defense Ministry in particular for the fraternal cadres, officers, and men who have performed their tasks of defending and building the country in the southern region in order to achieve concrete results that will give a significant welcome to the forthcoming election of members of the Third National Assembly.

In his address, Lt. Gen. Choummali Sai-gnason first noted the world situation, which has been changing profoundly. The national defense minister then discussed the domestic situation and pointed to the direction and plan to be fulfilled in the dry season. He called on all officers and men of the Armed Forces in the southern region to unite and enhance, to an ever higher level, the existing fine traditions and spirit of revolutionary enthusiasm of our army in order to accomplish their obligations toward the nation so as to defend and build the country to make it forever advanced and prosperous.

Anti-Marijuana Committee Set Up in Champassak

BK2011082792 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 21 Nov 92

[Text] Recently, the administration of Paksong District, Champassak Province appointed a 13-member committee in charge of inspecting and destroying marijuana plants. The committee is under the direct supervision of the secretary of the district party committee.

The setting up of the committee was made in compliance with Instruction No. 030/EB, dated 7 October 1992, issued by the governor of Champassak Province on the prohibition and eradication of marijuana growing.

The duties of the committee are to inspect, control, and convince the people not to grow marijuana because it is categorized as a prohibited, illegal plant.

In the recent past, Champassak has been among the provinces that have imposed stringent measures on the control and suppression of narcotics. Recently, the administration of the district destroyed several marijuana plantations with the aim of suppressing and eliminating opportunist traders of narcotics, who are detrimental to society.

Philippines

Ramos Speaks on U.S. Ties at Subic Bay Turnover

HK2411060592 Quezon City Radyo ng Bayan in Tagalog 0232 GMT 24 Nov 92

[Address by President Fidel V. Ramos at the ceremony marking the final withdrawal of U.S. troops from the Philippines, at Subic Naval Base; live in English; italicized passages in Tagalog]

[Text] Ambassador Solomon, Secretary Romulo, Secretary de Villa, Admiral Kelly, Mayor Gordon, Admiral Mercer, distinguished members of the Senate and of the House of Representatives, my coworkers in the cabinet, various local government officials, officers from our two Armed Forces, and the enlisted personnel and civilian employees, *my colleagues, my friends, my beloved countrymen,* good morning to everybody.

The Philippine flag, by itself, has just been raised over Subic, *and we, my countrymen, are lucky to be part of this momentous occasion and to witness the raising of our flag, which symbolizes our government and the Philippine people's control over Subic Naval Base.* [applause]

Behind that, I noticed, my dear friends, my countrymen, a Filipino ship. *That ship is named: The President.* It is a small ship; it is not even a war ship, but it is ours, my dear friends. And it also symbolizes, together with this biggest Philippine flag that I have ever seen, the return of the control and sovereignty by the Republic of the Philippines over this most historic U.S. military facility, which now phases out of existence.

In the long history of our people, it will be remembered that, since Miguel Lopez de Legaspi took possession of the Philippine archipelago in the name of the Spanish crown in 1571, there has been no day that Philippine [as heard] troops were not based on our soil. And so, after 421 uninterrupted years, that epoch is about to be transformed. We can be sure that this day will forever be engraved in our memories.

Today's simple but moving ceremony brings down the curtain on that long sordid era in Philippine history marked by the presence of American troops in our territory. They also open up new prospects in Philippine-American relations, which bear creative innovation and constructive change. For close to a century, American military facilities and forces in Subic Naval Base helped preserve the balance of power in this highly strategic area of the world. And, up to the Persian Gulf war, Subic Naval Base served as a pivotal unit in the scheme of free world defense in the Asia and Pacific regions.

In a rare and profound sense, Subic Naval Base was a beacon to the parts of the globe which had not been illuminated by this beneficent light of freedom. It also stood as a monument to the comradeship in arms of a developing nation—the Philippines—and a superpower—the United States of America—born out of the common commitment to democracy and freedom, nurtured by mutual respect and regard, and sustained by shared experience and a similar vision.

From the welfare of various views on the future of U.S. involvement in regional affairs, our region of Asia and the Pacific, one consistent reality emerges, and that is that the member-nations of ASEAN uniformly hold the view that American power and influence continue to be essential to the preservation of peace and stability in Asia and Pacific region.

Turning to Philippine-American relations, let me say in plain, unmistakable terms that we have a continuing community of strategic and economic interests with the United States. This central fact of life transcends fluctuations in the political and psychological climate of Philippine-American relations. It denotes invariable constants in bilateral affairs, which neither country can ill-afford to subordinate to transient considerations and ephemeral exigencies.

Many of our eminent late leaders have urged that the United States and the Philippines fashion a new framework for Philippine-American relations away, I quote, from the stultifying atmosphere of the bases issue, unquote. I fully and categorically subscribe to that view. History has a way of validating ideas. We can all see how the result of the recent American presidential elections lent validity and urgency to the proposition that our two countries must now fashion a new framework for the relationship in keeping with the geopolitical realities prevailing in their common areas of concern and interest.

As one contemplates the picture of Philippine-American affairs, two massive and compelling facts instantly obtrude in one's mind. First, the United States market remains our biggest and most profitable, and, second, the United States remains the undisputed leader of the free world. At a time when the Philippine export trade has continuously been in the doldrums, we have uninterruptedly enjoyed a (?whopping) trade surplus with the United States, which registered at $1.2 billion in the past year.

On the other hand, it should be pointed out that the mutual defense treaty, which lies at the core of security arrangements between the Philippines and the United States, cries for a new bracing breath of life. Framed and adopted at the height of the cold war, when American and free world strategy was based on the idea of surrounding the Soviet empire with bases of military and economic strength, the mutual defense treaty has now to be reexamined in the context of the post-cold war era. Its concept, its thrust, and its scope have to be attuned to the realities of a world tormented by new conflicts and rivalries and faced with new trials and challenges. Two matters in particular have to be clarified: When and where an attack on one party be regarded as an attack on the other party as well, and the precise point at which retaliation to attack is to be waived. It is well to bear in mind that these two matters have tended to be irritants in the relationship, over the years, between the Philippines and the United States.

The scope and composition of bilateral trade and economic cooperation have to be reviewed and updated. The mechanism of bilateral economic affairs has to be re-engineered with a view to the progressive realization of expanding mutual progress.

At this moment in time, the Philippines and the United States are called upon to improve the structure of their historical and traditional relationship. They must reinforce its foundations, buttress its ramparts, and shore up its weak spots. And so, as (?in earnest) of their common desires to serve the ends of mutual defense, the Philippine and U.S. Governments, through the RP [Republic of the Philippines]-U.S. Mutual Defense Board, have agreed to review—so that it can be revitalized—the Philippine-American Mutual Defense Treaty, under the auspices of which various programs and projects would be undertaken encompassing customary ship visits, joint military exercises, and similar cooperative arrangements. It should be stressed that these activities are to be undertaken within the accords of the Mutual Defense Treaty and do not entail the necessity of concluding any new and separate agreement.

What is reverted to the Filipino people today is certainly more than just a piece of land. It is a part of the nation's patrimony which we hope to consecrate to peaceful use for the benefit of the Filipino people.

The blueprint for transforming this military complex envisions, I must stress, both preservation and development. To be precise, we aim to maintain and secure its natural attributes, the prestiged beauty of its forest cover, and the clear deep waters of the bay. This complex shall become the centerpiece of a conversion program that encompasses all the facilities and base lands relinquished by the United States.

While its historical significance to our two countries will be deeply etched on the sandstone of our long-standing friendship, the Subic of tomorrow will acquire a universal identity as a major gateway for the world to our shores. The Subic of tomorrow shall be the best manifestation of our primary focus on the economic concerns of the nation. Subic shall be a showcase of economic growth activities, from industries turning out quality products for exports to resorts offering tourists nature's bounty and our renowned hospitality.

And so, I confirm what Mayor Dick Gordon, who is also the chairman of the Subic Bay Metropolitan Authority [SBMA], has said here today that your president shall be your one-man oversized committee over the cabinet, over the SBMA council, over the local government executives, as well as your one-man public relations band towards our own people and our foreign friends so that, indeed, the promise of Subic and our vision for it will be fulfilled not too long from now.

But while our plans are prioritized for the economic potential of this liberated territory, we shall not neglect the social concerns that have arisen from Subic's existence as a military base.

Foremost among these is the welfare of what the people of Olongapo call the throw-away children or the Amerasians in our midst. The Philippine Government will do everything that it can to ensure them with enough opportunities to become educated, productive, and useful citizens. And I will not allow them to end in poverty, much less in street gangs. [applause]

As Subic develops economically, hopefully, we can provide these young children the means for gainful employment. In the final analysis, however, the welfare of these young Filipino-Americans remains the joint responsibility of both countries, which does not terminate with the withdrawal of U.S. forces from the Philippines. These and other social concerns must be discussed in future talks on Philippine-U.S. relations. We will rely on the American sense of civil responsibility so that the social effects of their stay are addressed to the mutual satisfaction of both parties.

As friends and allies, the Philippines and the United States stand on a promontory from which they have a commanding view of the past, the present, and the future. Behind them lies a long mountain range of shared experience in mankind's unending quest to seek freedom and progress, and ahead of them lies an entrancing vista of new promise, new frontiers, new horizons, and new opportunities.

I, for one, have high hopes that the leaders, the statesmen, the diplomats, the defense managers, and the economic strategists of the Philippines and the United States, fired with a common inspiration and vision, will seize the opportunity before them to reinforce the bonds of friendship and mutual cooperation that unite them to contribute to the enrichment of man's heritage of democracy and freedom and to build the fortress of human liberty and well-being in this corner of the globe.

In sum, we wish bon voyage to the American servicemen, represented here by their highest commanders and their ambassador. As we do this, we ask the U.S. Government and the American people for the strengthening of our partnership on the basis of economic cooperation, social concern, mutual support, and democratic commitment. Let us not simply glory in history. Let us move on and make history.

Thank you very much. *Long live us all. Long live the Republic of the Philippines.*

Probe of Alleged Chemical Waste at Bases Ordered

HK2411032492 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 23 Nov 92

[Text] President Fidel V. Ramos has ordered the Department of National Defense and the Subic Bay Metropolitan Council to investigate a reported poisonous chemical contamination at the Subic Naval Station at Olongapo City, and Clark Air Base at Angeles City. Ramos said the government cannot take the necessary steps until investigations are through. The issue surfaced after a study indicated the American soldiers left military and industrial waste at Subic and Clark.

NUC Opposes New NDF Conditions for Peace Talks

HK2311132992 Quezon City ABC-DWET Television in English 1000 GMT 23 Nov 92

[From "The ABC-DWET News Program"]

[Text] The National Unification Commission [NUC] is opposing the proposal of the National Democratic Front [NDF] to hold new exploratory talks and a prisoner swap. The whole report from Arlene De La Cruz:

[Begin recording] [De La Cruz] The NUC has shrugged off the two proposals of the NDF as conditions for its sitting down for peace negotiations. First, the NUC is not in favor of the government sending representatives to a new round of exploratory talks abroad.

[NUC Chairperson Haydee Yorac] We're always sending someone there. I think they should be the ones to send someone this time.

[De La Cruz] Second, the NUC is opposing the NDF proposal for a prisoner swap. The NUC said the two NDF measures only slow down the peace process.

[Yorac] There should be certain confidence-building measures that should be undertaken by both sides. If it's a swap, it's no longer confidence-building. As I said, it's like putting one over the other.

[Unidentified official] I think this is a very pointed but no longer subtle way of projecting another problem into the peace process.

[De La Cruz] Through new talks, the NDF wants a detailed clarification on the NUC revisions on the 10 most important issues in the joint declaration.

Congressman Jose Yap said that if the NDF does not approve the NUC revisions, the chances of the actual peace talks being held eventually will be reduced.

[Yap] If there is nothing clear in their answer so that it will lead to a talk whereby we will form the working committee, I think we might consider that: Asking the president. [end recording]

Government Temporarily Releases Renegade Officers

HK2411131992 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 24 Nov 92

[Text] Six Reform the Armed Forces Movement-Soldiers of the Filipino People-Young Officers Union [RAM-SFP-YOU] officers were temporarily released today after several years of imprisonment at Camp Aguinaldo Detention Center for involvement in past coups d'etat.

The officers were led by Brigadier General Edgardo Abenina, Colonels Vic Erfe, Marcelino Malajacan, Melchor Acosta, Alexander Noble and Navy Captain Proceso Maligalig.

Abenina lauded the Ramos government for the temporary release, adding that it will be an opportunity to talk to some other rebel soldiers, especially Colonel Gregorio Gringo Honasan. Abenina, however, criticized General Lisandro Abadia, Armed Forces chief of staff, for slowly reacting to the announcement that the National Unification Commission has already released safe conduct passes for the rebel officers.

[Begin Abenina recording] My intention is to visit all detention centers in [Fort] Bonifacio and be able to talk with the other detainees there. [preceding sentence in English] The Armed Forces are very slow. I do not know what happened. The notice to release us was sent to them yesterday. Until now they cannot decide whether to let us out or not. I believe the obstacle in the quest for this freedom is General Abadia. [end recording]

Regarding the amnesty program of the government, Abenina stressed that they [RAM-SFP-YOU] are not asking, nor will they ask, for amnesty from the government since what they seek is peace for the whole country.

Editorial Criticizes Singapore Minister

HK2311054192 Manila PHILIPPINE DAILY INQUIRER in English 22 Nov 92 p 4

[Editorial: "Wa Epek [No Effect] I]

[Text] It is not the first time that the Wise Man from the East has lectured us Filipinos concerning his rather well-known, if increasingly dated views on democracy as obstacle to economic development.

This might come as a surprise to Senior Minister Lee Kuan Yew but the march toward liberal democracy is passing in review right now all over the world. And, it sure looks like the trend is irreversible. Which could well mean that the authoritarian state whether of the Right or the Left is going the way of the dodo. And still Mr. Lee continues to conduct himself as though authoritarian rule is superior to democracy.

"The exuberance of democracy," said Lee Kuan Yew, the Father of Singapore's economic miracle, "leads to undisciplined and disorderly conditions... inimical to development."

Thus, his prescription for the Philippines, the sick man of Asia: discipline above democracy; more discipline, less democracy. Which can certainly be said of Singapore where Mr. Lee ruled with an iron grip for 31 years and where stiff fines are meted out for chewing gum. Government has decreed how long boys can grow their hair. When a Singaporean goes inside a public toilet, his government is right there to make sure he flushes the toilet, or else. That's dicipline.

Mr. Lee's Singapore routinely suppresses press criticisms and disregards the rights of its political opponents. In exchange, Singapore is a spectacular economic success. That's "less democracy" in action.

But we had that already for 14 years. It didn't work for us. We missed democracy. Sure, we can't eat democracy. But under the authoritarian Marcos rule, we weren't eating, anyway. Something had gone wrong with the Singapore model. Only Marcos, Inc. was eating. And eating us all up. We couldn't even talk about the hungers of our days. We had to kick out the gluttons and bring back democracy.

We, the Filipinos did it ourselves. Mr. Lee shouldn't lecture the People Power originals on the exuberance of democracy and its "disorderly" consequences. We know all that. We have been there before. We are much too familiar with its flaws. And still we want it. Like most of the countries around the globe. Something about democracy that fully satisfies the aspirations of the human spirit. Not on bread alone.

To the credit of President Ramos, he as much as said he will have none of the counsel of his honored guest from Singapore. Discipline, yes. But democracy, too. Discipline and democracy. The one does not exclude the other. We expected nothing less from an authentic hero when democracy swung to action in the revolt of People Power.

Senators Assail Suggestions

HK2411032592 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 23 Nov 92

[Text] Several senators have assailed Singaporean Senior Minister Lee Kuan Yew.

Senator Francisco Tatad, in a privileged speech, criticized Lee for his suggestion that an authoritarian rule be imposed on the Philippines to further economic reforms in the country. Tatad said that by making such a suggestion, Lee was apparently dismissing the value of the

February 1986 People Power Revolution, which dismantled the Marcos dictatorship.

Senator John Osmena, on the other hand, said Lee's advice to President Ramos was inappropriate since the failure of the country's economy is not due to the ineffectiveness of the system of government, rather it is due to the ineffectiveness of its leaders.

Meanwhile, Senator Ernesto Maceda assailed the Philippine Business Conference [PBC] for inviting Lee as its guest of honor. Maceda said the invitation was a resounding slap to the face of President Ramos, saying that instead of Lee, the PBC should have invited Ramos as its guest of honor since it was his first year as president.

ADB Approves $100 Million Forestry Project Loan

HK2211041692 Manila DWIZ Voice of the Filipino People's Radio in Tagalog 2200 GMT 20 Nov 92

[Text] The Asian Development Bank [ADB] has approved a loan worth more than $100 million for the Philippine forestry project. The project aims to plant trees in more than 180 thousand square km, or more than 61 percent of the total land area occupied by 31 million people. The reforestation project is expected to create 70 thousand man-years of employment which can be availed by about 25 to 35 thousand provincial households.

Thailand

Minister Welcomes UN Decision on KR Sanctions

BK2411015392 Bangkok BANGKOK POST in English 24 Nov 92 p 9

[Text] Foreign Minister Prasong Sunsiri last night voiced support for the United Nations Secretary-General Butrus Butrus-Ghali's views against imposing sanctions against the Khmer Rouge [KR] to force them to rejoin the Cambodian peace process.

"I feel relieved the UN secretary-general views that sanctions against the Khmer Rouge is not the best way (to bring the Khmer Rouge back to the peace process)," Sqn Ldr Prasong said.

The foreign minister said he hoped the UN Security Council will make a decision on the Cambodian issue based on the UN secretary-general's views.

Sqn Ldr Prasong said the Cambodian conflict can only be solved permanently through patient diplomatic efforts.

He called on both the Khmer Rouge and Phnom Penh to excercise restraints to avoid a new round of fighting in Cambodia.

Rangoon Reportedly Reinforces Border Positions

BK2411020192 Bangkok BANGKOK POST in English 24 Nov 92 p 3

[Text] Two well-equipped Burmese battalions have been reinforced near the Thai border in Tha Sae District of Chumphon Province to protect Hill 491, a mountainous area inside Thai territory which they have occupied since February, according to an intelligence source.

The reinforcement was made following reports that the Thai military would attempt to retake the hill by force after the Thai-Burmese Border Committee failed to resolve the dispute during negotiations in Chiang Mai last week.

The occupying Burmese troops from the 262nd battalion, under the command of Lt-Col Ko Ko Kyaw, had pulled down the Burmese flag from the flagpole on the hill during the negotiations and has not source said.

The intelligence source said that the two Burmese battalions which were reinforced in the area are from the 358th and 224th battalions. They are under the Second Tactical Command, which is responsible for the southern part of Burma and commanded by Colonel (special) Tin Muang Kyi.

The source said that the new battalions have not entered Hill 491, but were mobilised near the Thai border opposite Chumphon Province. They were ready to assist their fellow soldiers on the hilltop if Thai forces attempt to drive them out, the source said.

At present Burmese troops are also occupying another strategic site in the border area of Thailand at Ban Hin Kong. They have intruded into E-Tong village of Thong Phaphum District, Kanchanaburi province and been there since December 16, 1991.

DPRK Technicians Working in Agriculture, Mining

SK2411035492 Seoul YONHAP in English 0006 GMT 24 Nov 92

[Text] Bangkok, Nov. 24 (YONHAP)—Some 20 North Korean technicians are working in Thailand in what is regarded as the first move by North Korea to advance into Southeast Asia, a diplomatic source here said Monday.

The source said some 20 North Koreans were working in agricultural and mining industries and four of them were taking part in a joint venture form of silk-raising in Chiang Mai.

The source said North Korea which is faced with isolation following the collapse of the Soviet Union and the East European countries, appears to have adopted what he calls the "South politik."

Under the new diplomatic move, North Korea seems to be concentrating, among other things, in exchange of personnel with Thailand and other Southeast Asian countries, said the source, who declined to be identified.

North Korea has been moving fast to improve its relations with Thailand since it posted Ambassador Yi To-sop to Bangkok last year. It has invited senior reporters and editors of Bangkok's leading newspapers and broadcasting stations for a two-week visit to North Korea last month.

North Korea has recently sent three senior officials of its civil aviation company to Bangkok for talks with Thai Airways international on the opening of a direct air route between Bangkok and Pyongyang.

Crown Prince Returns From Vietnam Visit 20 Nov

BK2011150192 Bangkok Army Television Channel 5 in Thai 1230 GMT 20 Nov 92

[Text] At 1530 today, Crown Prince Maha Wachiralongkon left the Government Guest House in Ho Chi Minh City for Tan Son Nhut Airport where he boarded a Thai Air Force plane for Bangkok ending his state visit to Vietnam. He was seen off at the airport by the secretary general of the Presidential Office, the Vietnamese ambassador to Thailand, the Thai ambassador to Hanoi, the consul general in Ho Chi Minh City, and staff of the Thai Embassy and consulate.

The crown prince has ended his state visit to Vietnam as the guest of the Vietnamese Government from 15 to 20 November. During the visit, he met the SRV president, prime minister, and military leaders, and visited places of historical, cultural, and religious significance to Vietnam. He also visited sites of military activities, and energy, industrial, and national development projects in Vietnam.

The royal flight arrived at the Royal Thai Air Force Airport at 1700. The crown prince has completed his state visit aimed at strengthening relations, friendship, and good understanding between the peoples of Vietnam and Thailand. It is believed the new stage of bilateral relations will forever be strengthened.

Ruling Coalition Urged To End Policy Conflicts

BK2411024792 Bangkok BANGKOK POST in English 24 Nov 92 p 4

[Editorial: "Chuan Govt Must Get Back to Basics"]

[Text] Constructive debates originating from differences of opinion usually constitute a healthy sign of democracy because any conclusion at the end of such an exercise is based on proper logic and reasoning and should correspond with the broader public interest.

But it is self-defeating when members of a two-month-old coalition government engage themselves in a protracted series of public debates over policy differences that are seen to be aimed more at perpetuating their own popularity rather than serving a common public cause. It becomes more worrying when the conflicting policy goals are mostly long-term and controversial in nature but do not address the pressing needs on bread-and-butter issues expected by the electorate.

This, unfortunately, appears to be the predicament of Prime Minister Chuan Likphai's coalition. It is a predicament of its own making and as such, it is the coalition's own responsibility to find an acceptable way out or it will risk losing further credibility.

The three main coalition partners have been going their own way to push their own favourite pet programmes from the very outset. The Phalang Tham Party has been spearheading a campaign to get the provincial-governor election issue off the ground. Meanwhile, the Democrat and New Aspiration parties have also been busy—albeit less forceful in their campaigns—to push the Agricultural Council and Islamic law amendments respectively.

Granted that these are all pre-election campaign pledges made by the three parties, but it still remains a fact that none of these issues has got any direct bearing on the immediate economic well-being of the people and the country. At least this is how the three issues have been perceived by the public.

On the important economic policy front, there is no tangible new programme that the Government can speak of that can boost investor confidence or the economic climate. Quite the contrary, as the Government has been hit by the ripple effects of the stock-market fiasco this past week as a result of its anti-manipulation crackdown which, though lauded by Thai and foreign fund managers, has been criticised by many others for its timing and methodology.

Against this background, the informal get-together planned for today by Cabinet members to forge unity is timely and important. It is pointless for Mr Chuan and his ministers to put on a nice face and deny that there is any intra-coalition conflict because public statements by coalition leaders of the various parties have left a distinct impression that a policy rift does exist. At the very least, the unity-forging exercise today should go some way to heal this cracked image.

But the coalition leaders should go further than a merely cosmetic exercise. Aside from striking a compromise stand on the controversial issues that are pending, there should also be a serious rethink and reformulation of priorities. Coalition parties can do their constituents a service by setting aside their pet programmes and concentrating more on policy initiatives to address the country's numerous pressing problems.

Many of the infrastructural shortages have become protracted for too long. The telecommunication facilities are getting a head-start now that the first batch of new phone lines are coming onstream, but Bangkok's choking traffic jams continue to deteriorate. A common policy goal is clearly urgently needed on how the Government should proceed with the two major pending mass-transit projects—Skytrain and Hopewell Holdings' elevated expressway and community train.

How about some new economic policy initiatives to boost domestic and foreign investment and to prop up the tourism sector now that the annual high season has arrived? What about a concerted strategy to tap trade and investment potentials in Indochina now that Japan has finally lifted its longstanding aid embargo on Vietnam by approving the first batch of new official development assistance (ODA). And don't forget measures to assist the poor and under- privileged farming population.

The list can go on. The Chuan Government needs to re-focus its vision and get its priorities right. The coalition partners must bear in mind that there is a limit to public patience over these seemingly wasteful policy conflicts and that limit may not be far down the road. Let's hope the unity-boosting exercise today translates into a positive start for serious and more meaningful governance.

Opposition Not To File Censure Motion

BK2411011992 Bangkok THE NATION in English 24 Nov 92 p A2

[Text] Muan Chon party leader Chaloem Yubamrung said yesterday the Opposition would not file a censure motion against the Chuan Likphai government in the immediate future as it did not want to disrupt the parliamentary system.

"In my opinion, I want the administration to stay for at least two years," Pol Capt [Police Captain] Chaloem said yesterday morning in a political discussion entitled "The First Round of the Chuan Administration" organized by the Social Science Faculty of Kasetsart University.

Chaloem said he did not want other people to have a negative perspective towards politicians and the parliamentary system.

The outspoken politician criticized Chuan for failing to properly use the budget of fiscal year 1992, as the government was waiting until parliament can consider the budget for the next fiscal year. This had delayed solutions to various problems, he added.

"Chuan is suitable to hold the premiership under the current political situation," he said. "But he does not know how to administer the country."

Chaloen said he did not feel any sympathy for Chuan nor did he respect the premier.

On Sunday, Chat Phatthana Party secretary general Prachuap Chaiyasan said the Opposition parties will consider the no-confidence issue tomorrow. He had denied earlier newspaper reports that the Opposition planned to submit a censure motion against the government soon.

15 Injured as Army Troops Storm Police Station

BK2311033192 Bangkok BANGKOK POST in English 23 Nov 92 p 1

[Text] Ranong—Fifteen policemen were injured after angry soldiers stormed a police station before dawn yesterday when police refused to accept a complaint from an army officer who lost a gold necklace at a township bar.

About 50 soldiers from the 25th Infantry Battalion, reportedly led by Lt Phirun Bunnak, the platoon commander, raided the Muang District police station and attacked all the policemen on duty.

They also sprayed the station with automatic gunfire, damaging window panes and doors. Several soldiers were reportedly drunk while some were armed with assault rifles.

The officer on duty, Pol Cpt [Police Captain] Sorasak Munkasem, sustained broken wrists and facial bruises after being hit with the butt of an AK assault rifle. Pol Cpt Surasak Thongnok, chief of the patrol squad, sustained a serious cut on his head while another officer, Pol Sub-Lt [Police Sub-Lieutenant] Somkiat Kananaphon, ended up with fractured arms.

The troopers reportedly became angry after police refused to accept their complaint about a lost gold necklace belonging to Lt Phirun at a bar in the township and decided to attack.

Police argued that they did not accept the complaint immediately because the soldiers appeared drunk. They asked the soldiers to return to their barracks and come back later.

Pol Lt-Gen Kraisuk Sinsuk, the commissioner of Fourth Provincial Police Bureau, Maj-Gen Phairat Khemkhan, the commander of the Chumphon Army Circle and provincial Governor Chamnong Chaloemchat yesterday visited the injured policemen.

Pol Lt-Gen Kraisuk later told reporters those found guilty would be dealt with according to the law after consulting the Interior and Defence ministries.

Commenting on the incident, Interior Minister Gen Chawalit Yongchaiyut said it was a minor incident which stemmed from a misunderstanding.

The parties concerned have been trying to thrash out an understanding, he said, however, adding that both the police and the troopers involved would be investigated.

Police To File Charges

BK2411012792 Bangkok THE NATION in English 24 Nov 92 p A1

[Excerpt] Police are preparing serious criminal charges, including attempted murder against an Army lieutenant over the Ranong police station rampage on Sunday, but police chief Sawat Amonwiwat said prosecution will have to wait until the Army completes its own investigation.

Police Director General Sawat yesterday condemned the attack, which he described as a "serious crime" and not the first of its kind.

Earlier this year, a group of soldiers stormed a police station in a Bangkok suburb after police tried to intervene in a dispute. There were no reports of any charges being laid after the incident.

Early Sunday morning, First Lt Wirun Bunnak allegedly led about 50 soldiers on an armed rampage in Ranong which put 15 police at the Muang district police station in hospital. Six of them were described as being in a serious condition and have heen transferred to the Police Hospital in Bangkok.

Sawat said Wirun faces being charged with attempted murder and robbery—but the police case can't be pursued until the military's preliminary inquiry is complete.

Other charges being prepared by the Police Department include trespass, destruction of government property, possession of firearms and ammunition without authorization, instigating unrest and coercion of police officers.

The army had launched its own probe into the incident and Sawat said only the prime suspect had been publicly identified.

Sawat said he did not know the identities of the other culprits.

"This is a very serious crime," said a grim-faced Sawat at the Police Hospital where some of the injured officers were receiving treatment.

Wirun, according to Deputy Police Director General Pol Gen [Police General] Manat Krutchaiyan, faces a total of eight charges.

The attack took place after police had broken up a dispute at a downtown restaurant.

It was not known last night whether Wirun and other soldiers suspected of participating in the raid had been detained by the Army. The soldiers are part of the 25th Infantry Regiment, based in Ranong. [passage omitted]

Editorial Urges 'Firm' Action

BK2411020992 Bangkok THE NATION in English 24 Nov 92 p A6

[Editorial: "Soldiers Going Berserk in Ranon Must Be Punished"]

[Text] All accounts of the incident at Muang Ranong police station concur that the Army lieutenant who led a group of about 50 enlisted men to ransack the police station and beat up several policemen early last Sunday was drunk. He was raging mad after a police officer declined to record a complaint about his missing gold necklace, worth about Bt [baht] 4,500, which he claimed disappeared during a scuffle with policemen inside a restaurant not far from the police station.

The police team was sent to stop a brawl during the wee hours. What happened there remains unclear. But the officer showed up a few hours later at the police station to file a complaint. When he received no satisfaction, he left with a threat to bring his men to settle the score.

The officer did return with about 50 enlisted men in five trucks, many of them were armed with M16 and AK assault rifles, and swiftly took over the police station. They disarmed all the policemen and beat up a dozen, though none of them offered any resistance. The humiliated policemen were forced at gunpoint to lay on their stomachs in front of the station to see their three senior officers kowtow before the raging Army lieutenant and ask for his forgiveness. Even the police chief of the station, a lieutenant colonel, who tried to intervene was punched and forced to show respect to the army officer with a wai.

The Army officer's men also smashed windows and furniture in the station and fired their assault rifles into the air before leaving the scene triumphantly. All the while hundreds of passers-by watched in sad bewilderment and some-badly wounded policemen wept in bitterness. Six of the policemen were so badly roughed up that they had to be airlifted for emergency treatment in Bangkok for either fractured skulls or broken arms.

How could a drunken officer lead such a large group of armed enlisted men on a berserk raid like that? Had the policemen fought back in self defence, then many lives from both sides would certainly have been lost. The discipline at the Rattana Rangsan army camp, where these soldiers of the 25th Infantry Battalion are based, was obviously slack and the supervision by commanding officers too lax.

The incident in Ranong came as a serious setback to the otherwise admirable efforts of the 4th Army Region to assist storm victims in southern provinces.

It also revived the uneasy feeling among the general public that many soldiers still have a tendency to take the law in their own hands and demand special leniency whenever they are caught violating the law.

The Chuan administration must be firm in taking legal action against the Army lieutenant to set an example for all to see that no one—inside or outside the military—can any longer break the law with impunity. All the wounded policemen have rightly insisted on pressing charges against the Army officer, who now faces eight charges, including attempted murder of law enforcement officers and armed robbery.

Normally, police tend to be subservient to the military. In the Ranong case the police officer on duty merely asked the Army officer to come back when he sobered up. But the Army officer apparently took this as an insult and led his men to seek revenge.

Though there was no sign of an inter-service feud at the provincial level, the police and the 4th Army Region need to join hands in an concerted effort to improve their working relationship and remove the anger and bitterness of the Ranong incident before it causes further damage.

One of the quickest ways to cool down the situation is to bring the Army officer and all other culprits to justice as soon as possible. Needless to say, Army Commander Wimon Wongwanit's ability to keep his men within the law—and to punish those who misbehave—is being severely tested in this case. There must not be any attempt to smooth things over and hoodwink the public with lip service.

The six seriously wounded policemen now in the Police Hospital have every right to demand satisfaction from the Army Command.

Navy To Split Into Three Regional Commands

BK2111055492 Bangkok THE NATION in English 21 Nov 92 p A1,2

[Text] The Royal Thai Navy fleet is being restructured into three regional command centres, two to be based in the Gulf of Thailand and the third in the Andaman Sea, Navy chief Admiral Wichet Karunyawanit said yesterday.

The changes were being implemented systematically, he told reporters attending the 86th anniversary of the Old Palace Naval Command Headquarters.

Adm Wichet said the Navy would reduce its manpower by 20 per cent in line with guidelines set by the Supreme Command, but this would have to be offset by increased mechanization. "Thailand still has border problems with neighbounng Vietnam and Cambodia in the Gulf of Thailand," he said. "Those with Malaysia and India in the Andaman Sea could be solved on the negotiating table to a certain degree."

Asked to comment on the widespread belief the Navy was being favoured in the Budget because of its support for the pro-democracy stand during the May crisis, Wichet replied:

"The government approved the Navy's preliminary acquisition of six Sea King helicopters, worth Bt [baht] 3.6 billion, because the Navy has a helicopter carrier under construction at Basan, in Spain.

"The budget authorization is a five-year commitment."

He said the navy had cut expenditure in other areas by curtailing projects with a lower priority.

The Bt7 billion carrier, capable of carrying 14 Sea Kings, was expected to arrive in Thailand in 1995, Wichet said. The navy was, meanwhile, looking for a suitable site on the Andaman coast for a base station for the 3rd Regional Command Task Force, which would have responsibility for Thailand's coastal security to the west.

Wichet said the Navy was prepared to protect the nation and provide support for Thailand's economy, as the Thai economy permits.

"We are confident we are capable of providing round the clock protection for our people at sea," Wichet said,

The Navy chief said the government had passed legislation enabling the establishment of a naval coast guard to enforce a clean-sea policy in Thai territorial waters with special regard for the control of oil-spill pollution.

Under questioning, he expressed "concern" about the capability of Thai naval forces compared with neighbouring Singapore.

"But we also have to be concerned for the government's coffers, which can afford only a limited amount of money for the Navy."

Wichet said the Navy would implement the govemment's trade policy on the Thai-Cambodian border.

Deputy Prime Minister Bunchu Rotchanasthian and Deputy Defence Minister Sombat Rodphothong received a silent treatment yesterday during a party marking the 86th anniversary of the Royal Thai Navy.

The party at the navy headquarters was attended by former and current military leaders including ex-prime minister Gen Suchinda Khraprayun and former supreme commander Kaset Rotchananin.

Suchinda turned his back on Bunchu when the latter arrived at the party, witnesses said. The former prime minister left the party early at around 18.50 pm.

Official Views Effect of Baht on Regional Economy

BK2311042192 Bangkok THE NATION in English 23 Nov 92 p B2

["Excerpts" from "recent interview" with Chaiwat Wibunsawat, assistant governor of the Bank of Thailand, by THE NATION's Business Desk; place not given]

[Text] **What is the position of Thai baht in Indochina?**

Indochina is already using the baht especially in Laos and Cambodia where local confidence in their own currencies is lacking. There is more confidence in other currencies such as the US dollar and the baht. It is unavoidable. The Indochinese business people accept the baht. We are preparing to increase the amount of baht cash which can be taken out of the country by individuals (from Bt[baht]250,000 to Bt500,000).

What about the notion of baht imperialism?

There are two ways looking at it. The first is how others think and the second is how we think.

There is no easy answer on how other people think. There are Thai people doing business in Indochina. Some are looking for quick profit and trading licences and documents. Others are there for long term mutual benefits and would like to see real development take place in the region.

The Laotians, for example, were sceptical about our plan to increase the amount of baht which people could take out of Thailand as they felt that it would further delay the acceptance and confidence of their own currency. We explained to them that the increase was aimed at the long term benefit of the two countries to boost economic activities. Nevertheless, we delayed the announcement.

From our view, we can avoid the growing economic activity. The previous government supported the investment by Thai firms overseas. We have to loosen control over the currency. But the baht is only one of the options among many currencies. But as the Indochinese economies grow their own currencies will come to play an increasing role. This is a transition period.

What about the concept of offshore baht?

It is in the third stage of Bangkok International Banking Facility (BIBF). But the baht activity is not expect to be very much. It is aimed at facilitating convenience and acceptance. It will be on a wholesale basis between banks and overseas branches of Thai banks which have baht deposits. It will provide more currency options for Laos and Cambodia.

Are we ready to push the baht overseas when at home we still have the problem of a savings-investment gap?

It is true that we still have to rely on foreign funds. But Thai companies are also investing overseas like CP Group or Siam Cement as they see the potential to expand their base. We should not block the two-way direction. They may have the need to use the baht overseas in the same way that foreign funds are brought in to finance investment in technology, management and so on. Thai companies are also raising money elsewhere for their overseas investments. In China for example where mixed fundings are made in Thailand, and Hong Kong. [sentence as published] Thai companies are permitted to take out US$5 million a year for overseas investment.

We are lenient about granting more if requested, especially for productive projects.

As we continue to liberalize, there will be some people with ways to take out the money with out seeking prior permission. We will not know about this. We have therefore started to gather information from third countries about overseas investment in order to increase our knowledge of the flows of funds.

How does the use of the baht in Indochina fit in with the proposed regional financial centre?

There are widening economic prospects for the region including Indochina, South Yunnan and Burma such as in communications and infrastructure. Government agencies are working on proposals, for example, to link South Yunnan and Thailand. The former will need better access to the sea. Railway lines are being looked at with Burma, Laos and Cambodia. The Transport and Communications Ministry is looking into a telecommunications centre for the region.

At the political level, the Foreign Ministry is examining various forms of technical assistance to the region. Tha banks are providing services with branch networks in the region.

The central bank governor has visited South Yunnan and the Krung Thai Bank is opening a branch there.

Regional Drug Law Enforcement Meeting Held

BK2111082992 Bangkok Radio Thailand Network in English 0000 GMT 21 Nov 92

[Text] More than 120 senior administrators of drug law enforcement agencies in Asia in the Pacific are meeting in Bangkok for the 17th meeting of heads of national drug law enforcement agencies for Asia and the Pacific organized by the United Nations International Drug Control Program, or UNDCP. The meeting takes place at ESCAP [Economic and Social Commission for Asia and the Pacific] headquarters, which is also the location of UNDCP's regional center, during 23 to 27 November 1992. The meeting will review the current situation and trends in illicit drug traffic in the region and explore ways and means of strengthening the action being taken at the national, regional, and international levels to combat it. Also attending the meeting will be representatives from several other international organizations, including Interpol, the Customs Cooperation Council, and the Colombo Plan Bureau as well as a number of observers from countries and regions around the world.

The meeting aims to hasten regional cooperation and coordination and adopt and implement practical counter-measures against illicit traffic. The state of implementation of the recommendations adopted at previous meeting will also be reviewed.

Government Warns Stock Exchange, Watchdog Agency

BK2311040192 Bangkok THE NATION in English 23 Nov 92 p B1

["Comment" by THE NATION Business Desk: "Breathing Heavily Down the Neck of the SET Watchdog"]

[Text] The Chuan Administration has issued a clear signal that it wants both the Securities and Exchange Commission [SEC] and the Stock Exchange of Thailand [SET] to undergo self-examination. The signal means that some members of the exchange watchdog and the SET will have to resign from their directorships to avoid possible conflicts of interest.

It is indeed a welcome gesture from the Chuan administration, which is not only looking forward to cleaning up rampant stock market manipulation but also to shaking up the regulatory bodies safeguarding the law. Some members of the SEC and the SET do in fact have close ties with various business interests, and it is fair to raise a hypothetical question about their fitness to preside over the law of the land.

At a time when the stock market completely lacks any ethical guidance, the regulatory authorities must show leadership. In the public eye, they must be free from any vested interests, so that their minds can focus fully on regulating the capital market with urquestionable authority. To date some members have indeed failed to assure the public about their fitness to perform the duties entrusted to them.

Deputy Prime Minister Dr Suphachai Phanitchphak hit the mark when he commented on Friday that the SEC and SET must undergo a shake-up. This suggests an open course of action that both regulatory bodies can undertake voluntarily, without administrative or political intervention. The securities law, in spirit, prevents outsiders from intervening in the workings of the exchange authorities, but that should not deter the authorities from showing their courage by instituting a change, from within in this case.

Evidently, this pressure for the regulatory bodies to restructure themselves is a spin-off of the Sia Song case. It is unfair to scrutinize the players alone; the authorities must also be subject to this process. This is democracy in equity affairs. If there is the least doubt that any members of the regulatory bodies are not living up to the highest expectations, they must examine themselves. In Thai, this means 'step down'.

The public must also be able to judge the transparency with which the authorities are pursuing the charges against Song Watcharasirot and his associates, no matter whether they can be linked. It is a big test case not only for the SEC but also for the Chuan administration in a broader political context. Song's equity dealings in the Bangkok Bank of Commerce affair may be the tip of the iceberg because he is also implicated in other manipulation cases.

The drama should continue to unfold next week as the authorities probe deeper into Song's financial and stock network, believed to carry a mammoth weight somewhere between Bt [baht] 15 billion and Bt20 billion. Where does all this money come from? Although 30-40 per cent of the portfolio is accounted for by margin loans, the sum is still awesome. The authorities are also weighing whether to announce further crackdowns on other cases of insider trading and share manipulation.

Timing is crucial because they need to contain the shock waves. The market is still jittery, despite a recovery of 37.55 points on Friday. The exchange authorities have no choice but to pursue the case to its end. And if there is another shock, so be it. They have mounted the tiger's back and can only dismount after completing the ride. With this kind of burden, we need regulatory authorities wlth the sharpest legal minds and of the highest ethical standards.

Vietnam

VNA Reports End to 20th Joint MIA Search

BK2311151592 Hanoi VNA in English 1505 GMT 23 Nov 92

[Text] Hanoi VNA November 23—The 20th joint search for Americans missing in action (MIA) during the Vietnam war was conducted by Vietnamese and American experts from Oct. 22 to Nov. 18, 1992 in Haiphong area and in Bac Thai, Hoa Binh, Lang Son, Lai Chau, Son La, Darlac, Song Be, Tay Ninh, Lam Dong and Tra Vinh Provinces and in Ho Chi Minh City.

In the same period, Vietnamese experts collected information about MIA in Hanoi, and they are proceeding with the collection in some other localities.

The investigations and excavations have yielded some information and evidences helping to shed more light on a number of MIA cases. More than 20 remains collected recently will be identified by experts of the two countries and will [be] repatriated in December.

In additionn, investigations were conducted on reports of "live sightings" of American POW's in Hanoi, Ho Chi Minh City, the provinces of Quang Nam-Danang, Quang Tri and Thanh Hoa, and the Mekong River delta, since October 15, 1991, specialists of the two countries have investigated 50 reports supplied by the American side on "live sightings" but the results show that all these reports are untrue.

'Contradictions' Remain in Ties With PRC

BK2311135292 Hanoi Voice of Vietnam in English 1000 GMT 23 Nov 92

[Radio review of Sino-Vietnamese relations]

[Text] Prime Minister Li Peng will pay an official visit to Vietnam from 30 November to 4 December at the invitation of Vietnamese Prime Minister Vo Van Kiet. Here is our radio review of this event.

The visit will be made at a time when relations between Vietnam and China have been restored for more than a year. During this period, relations between the two parties and states entered a new stage which was marked by the official visit to China of a high-level delegation of Vietnam led by General Secretary of the Communist Party of Vietnam [CPV] Do Muoi. Immediately after that, the two countries carried out activities in economic, cultural, scientific, and technical and social fields. Many important agreements on economy, aviation, and social services between the two countries have been signed. However, the [word indistinct] has not developed comprehensively. It has not met the aspirations of the two peoples and matched the two sides' potential. Meanwhile, some contradictions remain to be solved.

The coming Vietnam visit of Chinese Premier Li Peng will be an important event in bilateral relations. It is obvious that in this context, the visit will help solve differences through negotiations and facilitate the promotion of bilateral ties in the interest of the two peoples, and for peace and stability in the region.

Significance of PRC Premier's Visit Discussed

OW2411123292 Hanoi Voice of Vietnam in Mandarin 0830 GMT 24 Nov 92

[From the "Talk on International and Current Affairs" program]

[Text] Listeners and friends: According to a communique released by the Vietnamese Ministry of Foreign Affairs, Li Peng, premier of the PRC State Council, will pay an official goodwill visit to Vietnam from 30 November to 4 December at the invitation of Vo Van Kiet, prime minister of the Vietnamese Government. In today's "Talk on International and Current Affairs," a host from our station's international and current affairs program will discuss the significance of the visit.

Premier Li Peng's visit comes one year after the normalization of relations between Vietnam and China. Over the past year, following a visit to China by a high-level Vietnamese delegation, led by CPV General Secretary Do Muoi, relations between the two countries and their parties entered a new phase. Later, the two countries conducted many exchanges in various fields—economic, cultural, scientific and technological, and social. They officially signed several important agreements, including ones on aviation and post and telecommunications.

Nevertheless, relations have yet to develop in an all-around way [words indistinct]. They have yet to grow to the point where the peoples of the two countries will find them satisfactory, and where they will fully reflect the interests of the two countries. Vietnam and China still have to settle some outstanding differences.

Premier Li Peng's upcoming official goodwill visit to Vietnam is a major event in the relations between the two countries. Considering the current situation, the visit is clearly conducive to settling the differences between the two countries through negotiations. It will serve the fundamental interests of the peoples of the two countries, as well as the interests of regional peace and stability, because it will pave the way for expanded relations between the two countries.

Further Reaction to Lao President Kaysone's Death

Party, State Leaders To Attend Funeral

BK2311145892 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 23 Nov 92

[Text] After receiving news about the demise of Comrade Kaysone Phomvihan, president of the Lao People's Revolutionary Party Central Committee and president of the Lao People's Democratic Republic, the party Central Committee, president of the Socialist Republic of Vietnam, Standing Committee of the National Assembly, and SRV Government have decided to send a high-level party and state delegation to Vientiane to attend the memorial ceremony and the funeral of Comrade Kaysone Phomvihan. The delegation is to depart in the near future.

Earlier, during Comrade Kaysone Phomvihan's illness, a high-level party and state delegation led by Comrade Le Duc Anh, member of the party Political Bureau, secretary of the party Central Committee, and state president, visited Comrade Kaysone Phomvihan.

Party, State Send Condolences

BK2311162192 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 23 Nov 92

[Text] On 22 November 1992, the Central Committee of the Communist Party of Vietnam [CPV], the president of the Socialist Republic of Vietnam, the National Assembly Standing Committee, the SRV Government, and the Vietnam Fatherland Front [VFF] Central Committee sent a joint message of condolences to the Lao People's Revolutionary Party [LPRP] Central Committee, the Lao Supreme People's Assembly [SPA], the Government of the Lao People's Democratic Republic [LPDR], and the Lao Front for National Construction [LFNC]. The text of the message reads as follows:

The CPV Central Committee, the SRV president, the National Assembly Standing Committee, the SRV Government, and the VFF Central Committee are deeply grieved at the news of the demise of Comrade Kaysone Phomvihan, chairman of the LPRP Central Committee and president of the LPDR.

In these hours of grief, on behalf of the Communists and the entire Vietnamese people, we would like to convey our deepest condolences to the LPRP, the SPA, the LPRP Government, the LFNC, the multiethnic people of Laos, and the family of Comrade Kaysone Phomvihan.

Comrade Kaysone Phomvihan was an outstanding leader, a staunch revolutionary fighter, an eminent son of the multiethnic people of Laos, a loyal friend of the Vietnamese people, and a dear friend of progressive nations in the world. He has tirelessly fought all of his life for the noble ideal of national liberation from slavery, and defending and building a peaceful, independent, unified, and prosperous Laos. Comrade Kaysone Phomvihan devoted all of his talent, wisdom, and efforts to serving the lofty undertaking of the Lao people. Together with the entire party and people, he helped bring about a glorious victory in the revolutionary struggle in the past as well as in the renovation process under way in Laos at present.

Comrade Kaysone Phomvihan always treasured, studied, and applied President Ho Chi Minh's thinking and virtues to his practical revolutionary activities aimed at making the LPRP and LPDR firm and powerful with each passing day. He made great strides in building and fostering the special friendship and comprehensive cooperation between Vietnam and Laos, constantly asserting that these ties form the objective law and the factors of survival and development of the revolution in each country in the past, at present, and in the future.

The death of Kaysone Phomvihan is an extremely grave loss for the Lao party, state, and people, as well as his family. It brings boundless grief to the Vietnamese party, state, and people. His name, contribution, and revolutionary cause will be forever engraved in the hearts and minds of the multiethnic people of Laos. The Vietnamese party, state, and people will forever be grateful to him for his noble sentiments and precious contributionns to the Vietnamese revolution.

We believe that under the LPRP's leadership, the entire Lao party, people, and Army will turn grief into strength and overcome all difficulties and trials to continue the great undertaking of Comrade Kaysone Phomvihan for greater achievements in the implementation of the Fifth LPRP National Congress results and the principled comprehensive renovation initiated by him.

The CPV Central Committee, the SRV president, the National Assembly Standing Committee, the SRV Government, the VFF Central Committee, and the Vietnamese people as a whole reiterate their unswerving determination to strengthen and promote the special solidarity and friendship and the comprehensive cooperationn between Vietnam and Laos which Comrade Kaysone Phomvihan has so painstakingly fostered.

NHAN DAN Editorial Mourns

BK2411042192 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 23 Nov 92

[24 November NHAN DAN editorial: "With Deep Sorrow for Esteemed Comrade Kaysone Phomvihan"]

[Text] Our party, state, and people are stricken with deep sorrow at the news that Comrade Keysone Phomvihan, chairman of the Lao People's Revolutionary Party [LPRP] Central Committee and president of the Lao People's Democratic Republic [LPDR], has passed away. This is an extremely great loss for the party, the state, and the multiethnic people of Laos as well as for the party, state, and people of Vietnam, and for his comrades and friends the world over.

Comrade Kaysone Phomvihan was an excellent leader and an outstanding son of the multiethnic Lao people, a loyal friend of the Vietnamese people, and a staunch fighter of the international worker movement, the national liberation movement, and the world peace movement. The comrade's hectic revolutionary life was inseparable from the history of the long, hard, yet gloriously victorious struggle of the multiethnic Lao people for the cause of national liberation and for defending and building a peaceful, indepedent, unified, and prosperous Laos.

As general secretary and chairman of the LPRP Central Committee and head of the Government of Laos, Comrade Kaysone Phomvihan had, for some decades, contributed his entire talent, wisdom, and energy to the Lao people's revolutionary cause, thus greatly contributing to building a steadfast LPRP and improving the international prestige of the LPDR.

The principled, comprehensive reforms initiated and directed by the comrade has produced initial, highly encouraging results. The lofty sentiments of Comrade Kaysone Phomvihan and his valuable contributions to the Vietnamese revolution will forever be engraved in the mind and hearts of the Vietnamese people. The comrade always seriously studied and applied President Ho Chi Minh's thought and ethics into the reality of the Lao revolution.

While untiringly struggling for national independence and freedom and for the people's happiness, the comrade constantly cared for and fostered the special relations of solidarity and friendship and comprehensive cooperation between Vietnam and Laos. He always asserted that this relationship is an objective law and also the condition for survival and development of the two countries' revolutions.

Comrade Kaysone Phovihan's passing causes untold sorrow for the Vietnamese party, state, and people. We will be eternally grateful to Comrade Kaysone Phomvihan for the great support given by himself and by the party, state, and multiethnic people of Laos to the Vietnamese people during our struggle for national liberation and for building and defending the socialist Vietnamese fatherland.

We are firmly convinced that led by the LPRP, the entire people and Army of Laos will translate their sorrow into their strength with which to overcome all difficulties and ordeals in furthering the great mandate of Comrade Kaysone Phomvihan, in scoring ever-greater successes in the implementation of the resolution of the Fifth LPRP congress, and in successfully carrying out the principled, comprehensive reforms initiated by Comrade Kaysone Phovihan.

In compliance with President Ho Chi Minh's teaching and continuing to realize the lofty aspiration of Comrade Kaysone Phomvihan, we are determined to do our utmost to make the special relations of solidarity and friendship and comprehensive cooperation between Vietnam and Laos eternally green and ever-lasting.

The reputation and the deeds of Comrade Kaysone Phovihan will live forever in the hearts of the communists and people of Vietnam.

Government Announces 3 Days' Mourning

BK2411050292 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 23 Nov 92

["Text" of SRV Government's 22 November decision on three-day mourning period for Lao President Kaysone Phomvihan]

[Text] To remember and express our sorrow for Comrade Kaysone Phomvihan—chairman of the Lao People's Revolutionary Party and president of the Lao People's Democratic Republic, outstanding son of the multiethnic Lao people, excellent leader of the Lao party and state, comrade-in-arms and great, very close friend of the Communist Party of Vietnam [CPV] and of the Vietnamese people—the CPV Central Committee, the president of the SRV, the National Assembly Standing Committee, the SRV Government, and the Vietnam Fatherland Front Central Committee hereby decide that beginning on 28 November 1992, the country will observe a three-day mourning period during which flags at public buildings should be flown at half-mast and all amusement and entertainment activities in the country should cease.

Top Leaders Pay Tribute in Hanoi

BK2411124192 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 24 Nov 92

[Text] This morning, 24 November, a delegation of the Communist Party of Vietnam [CPV] Central Committee led by General Secretary Do Muoi, a delegation of the SRV State led by President Le Duc Anh, a delegation of the National Assembly led by its Chairman Nong Duc Manh, a delegation of the SRV Government led by Deputy Prime Minister Phan Van Khai, and a delegation of the Vietnam Fatherland Front led by its presidium member Le Quang Dao visited the Embassy of the Lao People's Democratic Republic [LPDR] to present wreathes and pay tribute to the late Kaysone Phomvihan, chairman of the Lao People's Revolutionary Party and president of the LPDR.

The wreaths of these delegations bear inscriptions reading: With boundless love and profound grief to esteemed Comrade Kaysone Phomvihan. During the ceremony, comrades Do Muoi, Le Duc Anh, Nong Duc Manh, Phan Van Khai, and Le Quang Dao wrote the following lines in the mourning book at the Lao Embassy: With boundless love and profound grief to Comrade Kaysone Phomvihan, the outstanding son of the Lao multiethnic people, a competent leader of the Lao party and state, and the comrade and very close friend of the Vietnamese people. Throughout his life, Comrade Kaysone struggled and worked very hard for the lofty ideal, for national liberation; for building Laos into a peaceful, independent, unified, and prosperous nation; for a bountiful life of the Lao people, and for strengthening the Vietnam-Laos special friendship. Comrade Kaysone Phomvihan, his efforts, and his devotion will be remembered forever by the Lao multiethnic people. The Vietnamese party and state will always honor and remember comrade Kaysone Phomvihan's noble sentiments and contributions to the Vietnamese revolution. We will strive to consistently consolidate and strengthen the Vietnam-Laos special friendship and cooperation. In this moment of grief, we would like to convey to the Lao party, state, people, and the bereaved family of comrade Kaysone Phomvihan our deepest condolences.

Lao ambassador to Vietnam Khamphet Phengmeuang and officials of the Lao Embassy were present at the ceremony.

New VWVA President Holds News Conference

BK2311140392 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 20 Nov 92

[Report on news conference held following the election of Senior Lieutenant General Tran Van Quang as president of the Vietnam War Veterans Association in Hanoi on 20 November—recorded]

[Text] Dear friends: Immediately following the closing of the congress, Senior Lieutenant General Tran Van Quang, president of the Vietnam War Veterans Association [VWVA], first term, convened a news conference. The comrade president of the VWVA briefed everyone on the activities of the congress and answered questions raised by journalists concerning the VWVA's tasks and orientations for the days ahead. At the news conference, President Tran Van Quang answered questions raised by a Voice of Vietnam correspondent as follows:

[Correspondent] Comrade Sen. Lieut. Gen. Tran Van Quang: We would like to congratulate you on your election as president of the VWVA by the first national congress of delegates of the VWVA. In your position as president, would you please tell us how you will work together with the VWVA to implement the association's plans in the days ahead.

[Tran Van Quang] The newly elected executive committee and I myself realize that this is a very heavy responsibility toward the VWVA. We will do all we can to satisfactorily fulfill our duty. Regarding the activities of the association, they have already been mentioned in a report presented by the provisional executive committee and adopted by the congress itself. With the guidance of Comrade General Secretary Do Muoi, Comrade advisers Pham Van Dong and Nguyen Van Linh, as well as of other leading comrades, we will work out measures to concretize the congress resolution step by step. We are convinced that association members and war veterans as a whole will respond to and satisfactorily implement all those tasks entrusted to us by the party, government, and people.

[Correspondent] We would like to wish you and the VWVA success in the discharge of your heavy yet very glorious duties in the days ahead.

French President or Premier To Visit 'Next Year'

HK2311105692 Hong Kong AFP in English 1000 GMT 23 Nov 92

[Text] Hong Kong, Nov 23 (AFP)—President Francois Mitterrand or Prime Minister Pierre Beregovoy are expected to visit Vietnam early next year as part of French efforts to boost business links with the country, officials said here.

Officials travelling with French Foreign Trade Minister Bruno Durieux said Monday Hanoi had invited Mitterrand to visit Vietnam.

But the Elysee has yet to make a decision although officials said it was likely that for scheduling reasons the French premier would visit instead of the president some time in January or February.

France is looking to address several business issues, particularly plans to build an oil refinery in Ho Chi Minh City at a cost of 1.3 billion U.S. dollars, which has aroused the interest of French oil firm Total.

Total is in competition with Anglo-Dutch giant Shell but sources said Vietnam was leaning towards the French firm, though financing obstacles remain.

The French firm would join with Taiwan's state-owned China Petroleum Co. and other investors from the island which would contribute some 500 million U.S. dollars for the project.

The visits by top French officials are to push France's economic position in Vietnam at a time when Japan has restarted loans to the country and the United States looks close to lifting its economic embargo.

Meeting in Hong Kong for a meeting on economic relations between France and the Chinese economies, several executives stressed the importance of the Vietnamese market because of the resumption of international financing and the reconstruction needs created by decades of war.

CPV Delegation Visits China

BK2211150992 Hanoi VNA in English 1446 GMT 22 Nov 92

[Text] Hanoi VNA Nov. 22—A delegation of secretaries of the provincial committees of the Communist Party of Vietnam [CPV] led by Nguyen Van Chieu, member of the CPV Central Committee and secretary of the Long An province party committee visited China from Nov. 15 at the invitation of the Communist Party of China (CPC).

While there, the delegation had talks with Zhu Liang, head of the international liaison department of the CPC Central Committee.

On Nov. 17, delegation was received by Ding Quangen, politburo member and secretary of the CPC Central Committee who expressed his belief that the friendship between the two countries will certainly develop in accordance with the basic interests of the two peoples, and for peace and stability in the region.

After Beijing, the delegation also visited Guangdong province and Nanning City.

Japanese Cultural Delegation Visits

BK2111154192 Hanoi VNA in English 1509 GMT 21 Nov 92

[Text] Hanoi VNA Nov. 21—A delegation of the Japan-Vietnam Cultural Exchange Association led by its Vice President Kitamura Mamoru and Secretary General artist Sughi Ryotaro has paid a visit to Vietnam.

Since their establishment one year ago, the cultural exchange associations of Vietnam and Japan have effectively cooperated in introducing the culture of one country to the people of the other.

The Japan-Vietnam Cultural Exchange Association has sent a quantity of technical facilities in aid to the Vietnam-Japan cultural exchange association, helped in building two Japanese language centres in Hanoi and Ho Chi Minh City, accepted a number of Vietnamese students for study and work in Japan. The association has also financed a programme on tree planting and provided humanitarian aid for a number of schools for orphans and disabled children in Vietnam.

The association has instituted an annual prize fund for Vietnamese authors and works rated best by the Vietnam-Japan Cultural Exchange Association in the year.

Philippine Minister Holds News Conference 12 Nov

BK1911145392 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 13 Nov 92

[Foreign Minister Roberto Romulo's address at news conference in Hanoi on 12 November—recorded in English fading into Vietnamese translation]

[Text] I would like to say that I had very useful activities during my two-day staying in Hanoi. The meetings held with Vietnamese ministers have given me a very good overview of how we can implement a new cooperative action plan between the Philippines and Vietnam. That also demonstrates how well the South-to-South cooperation can be implemented.

I am particularly gratified by the fact that the businessmen who accompany me now have a better understanding of Vietnam's needs and the investment opportunities in Vietnam. It is my understanding that the potential for cooperation between Vietnam and Philippines can be exploited in the very near future, especially in regard to a joint venture in food processing and agriculture.

I would like to add that aside from discussing Vietnam's needs, we instituted some related issues which will strengthen the cooperation between the two countries.

I would also like to say that during our bilateral talks with foreign Minister Nguyen Manh Cam yesterday, we discussed matters of mutual concern such as regional security and other world issues, as well as social and political issues of each country.

Minister Roberto Romulo also emphasized that in the talks the two sides noted with satisfaction the new developments in the cooperative relationship between the two countries since the official visit to the Philippines of SRV Prime Minister Vo Van Kiet in February 1992. They were of the view that conditions today are even more favorable for strengthening those relations, particularly after Vietnam's accession to the Treaty of Amity and Cooperation in Southeast Asia and after Vietnam became an observer of ASEAN.

The two sides were of the views that in face of the current swift and profound changes in the world, all nations should join in the common endeavor to establish a healthy international environment based on the principles of peaceful coexistence, equality among nations, cooperation for mutual benefits for each country's development, prosperity, and peace, and for stability and friendship in the world. They should pay mutual respect to each other's independence, sovereignty, and territorial integrity; settle all disputes through peaceful negotiation; not interfere each other's internal affairs; and not use force or threat to use force.

13 Nov News Conference Reported

BK1811063192 Hanoi Voice of Vietnam in English 1000 GMT 13 Nov 92

[Report on news conference held in Hanoi on 13 November by Philippine Foreign Minister Roberto Romulo before leaving Hanoi for Ho Chi Minh City—portions recorded]

[Text] The official friendship visit to Vietnam by Philippine Foreign Minister Roberto Romulo has opened a new stage for the strengthening of cooperation of mutual benefits. This was stated by Vietnamese Foreign Minister Nguyen Manh Cam before the departure for Ho Chi Minh City of the Philippine foreign minister. This is a detailed report on the press conference held in Hanoi on 13 November:

Addressing the news conference, Vietnamese Foreign Minister Nguyen Manh Cam said the visit to Vietnam this time by the Philippine foreign minister is aimed at exploring possibilities for the development of mutual cooperation. Mr. Roberto Romulo was accompanied by 26 businessmen. The two sides focussed their talks on the development of the bilateral relations. Commenting on the result of his visit to Vietnam this time, Foreign Minister Roberto Romulo said:

[Begin Romulo Recording] Let me just say that the meetings I had with the various ministries, particularly with who actually are here, have given me a very good overview of how we can implement a new meaningful step of cooperative action plan which should demonstrate how well South to South cooperation can be. Aside from that, I am particularly gratified by the fact that the business sector that accompanies me has now a better understanding of the means and opportunities in Vietnam and it is my understanding that they will even have some potential that will manifest themselves in joint venture in the very near future. I refer particularly in the areas of food processing and perhaps in agribusiness.

Let me just say that aside from being told the (?deployment) of Vietnam, that we also instituted a series of mechanisms which will insure that they will be in hand for trade and investment between the two countries. [end recording]

On this occasion, in answer to the question by a Reuter correspondent on issues concerning Truong Sa [Spratlys] Archipelago, Foreign Minister Nguyen Manh Cam said all the dispute over the Eastern Sea [South China Sea] should be solved through peaceful negotiations.

Do Muoi Receives Hungarian Socialist Party Leader

BK2011143392 Hanoi VNA in English 1400 GMT 20 Nov 92

[Text] Hanoi VNA Nov. 20—General Secretary of the Communist Party of Vietnam Do Muoi received here on Nov. 18 Gyula Thurmer, president of the Hungarian Socialist Workers' Party [HSWP], now visiting Vietnam at the invitation of the Central Committee of the CPV [Communist Party of Vietnam]. At the reception, Gyula Thurmer expressed his joy over the Vietnamese people's achievements in the renovation process. He informed the Vietnamese party leader of the HSWP activities and the situation in Hungary and expressed his wish for further development of the friendship between the two parties and two peoples. Secretary General Do Muoi expresssed the hope that the friendship and cooperation between the two parties and the two peoples will develop constantly.

Earlier, on Nov. 17 a delegation of the CPV headed by Hong Ha, secretary of the CPV CC [Central Committee], held talks with the HSWP delegation. Mr. Gyula Thurmer paid tribute to President Ho Chi Minh at his mausoleum and visited his residence. He also called at the Executive Committee of the Vietnam-Hungary Friendship Association and various economic and cultural establishments in Hanoi and Ho Chi Minh City.

Cuban Party, Government Delegation Leaves 20 Nov

BK2011143892 Hanoi VNA in English 1417 GMT 20 Nov 92

[Text] Hanoi VNA Nov. 20—The delegation of the Cuban party and government led by Jaime Crombet, member of the Central Committee of the Communist Party of Cuba and vice chairman of the Council of Ministers, left Ho Chi Minh City today, ending a visit from Nov. 15.

While in Ho Chi Minh City it was received on separate occasions by Vo Tran Chi, politburo member of the Communist Party of Vietnam Central Committee, and Nguyen Van Linh, ex-general secretary of the party and advisor to the Party Central Committee.

Maritime Development Corporation Established

BK2111012592 Hanoi VNA in English 1344 GMT 20 Nov 92

[Text] Hanoi VNA Nov. 20—The Vietnam Maritime Development Corporation has been set up.

The corporation will operate as an indepndent state-owned organization comprising state-run units in sea transportation, port and service which belonged to the former Union of Vietnam Maritime Companies.

Four Vietnamese economic companies are partipating in the New Dehli International Fair which will run until Nov. 25.

These are the Vietnam Foreign Trade Exhibition and Advertising Company (Vinexad), the Vietnam National Tea Export-Import Corporaton, the Agricultural Products Company, and the Union of Vietnam Sericultural Enterprises.

Success of Foreign Exchange Trading Center Noted

BK2211070492 Hanoi VNA in English 0555 GMT 22 Nov 92

[Text] Hanoi VNA Nov. 22—Since it was set up one year ago (Nov. 1991), the Hanoi Foreign Exchange Trading Centre has achieved total sales of more than 30 million U.S. dollars after 52 weekly trading sessions. The sales increased to 1.5 million dollars per session recently from only a few hundred thousand dollars in the first sessions. The number of participants in a session rose to 80 compared with 28 in the early months. The biggest buyers are the Thai Ngguyen Steel Complex, the Union of Metallurgical Enterprises, Hanoi Sea Products Export-import Company... The operations of the Hanoi Foreign Exchange Trading Centre has helped the government to effectively and timely on intervene [as received] in the foreign currency supply-demand relations on the free market, thus reducing the exchange rate of the American dollars against the dong. At the first sessions the American dollar was traded at 13,000 dong, now its has been stabilized to 10,800 dong throughout October and early November. The price of gold has also dropped from 6.5 million dong/tael to more than 4.5 million dong/tael. The prices of a number of essential goods on the market have also fallen proportionally. The centre plans to open two trading sessions a week instead of one as now. A similar centre in Ho Chi Minh City has increased its trading sessions from two to three weekly.

Government To Launch Data Access Service

BK2011144592 Hanoi VNA in English 1415 GMT 20 Nov 92

[Text] Hanoi VNA Nov. 20—OTC Australia which has been cooperating with Vietnam's Directorate General of Posts and Telecommunications (DGPT) in the development and management of Vietnam's international telecommunications network, will soon launch a break-through service for companies operating in this country, said OTC officials in a recent interives with VIETNAM NEWS. The service, called Vietnam Data Access Service, will link a company's offices here and internationally to enable the exchange of computer information with complete security, the officials said. This will be Vietnam's first international public switched data service.

This availability of information-on-demand is expected to dramatically boost productivity and efficiency in key industry sectors such as banking and finance, travel and tourism, mining, manufacturing and import and export. The service is currently being trialed in both Hanoi and Ho Chi Minh City. Since the mid-1980s, OTC Australia, through its wholly owned subsidiary company OTC International, has enjoyed continuing close cooperation with DGPT.

Under an agreement signed in 1986, OTC Australia established a 7.5 metre vista earth station in Ho Chi Minh City, which came into service in July 1987.

In 1988 a Business Cooperation Contract (BCC) was signed under which OTC Australia invested in the construction of standard-a satellite earth stations in Ho Chi Minh (commissioned in August 1989) and Hanoi (commissioned in March 1990). In late 1989 OTC assisted the DGPT in producing strategic plan for the development of Vietnam's telecommunications sector to the year 2004. This plan formed the basis for a second BCC, in October 1990, for 10 years. This involved further OTC Australia investment of around Aus dollars 66 million covering international sector facilities international gateway exchanges and associated facilities funding of specified domestic sector projects such as trunk exchanges in Ho Chi Minh City and Hanoi and some provincial exchanges participation in management of the international sector and training on a significant scale over the contract period. Over the period 1987 to 1991, Vietnam's international telephone traffic grew from 800,000 minutes to 14 million munutes a year. In 1992, the traffic is expected to exceed 20 million minutes, representing a 25-fold increase in just five years.

The main feature of the new Hanoi international telecommunications centre opened in March 1992 is a digital gateway axe 103 exchange supplied by Eriession Australia. In addition, the centre includes television and broadcast transmission facilities, and a data processing centre for traffic and revenue statistics and customer billing. In due course it will also include a packet-switched data facility and an International Network Management Centre (INMC). The building has been designed to allow for expected expansion beyond the year 2000.

In addition, OTC Australia has financed the construction of a number of telecommunications projects within Vietnam, including major trunk exchanges using Alcatel E10B equipment in Ho Chi Minh City and Hanoi, and provincial exchanges in Haiphong and Quang Ninh. OTC Australia has undertaken an extensive programme of training DGPT personnel. In Vietnam and elsewhere, OTC Australia puts great value on the continuing training of its own people and those with whom it has partnerships, and it offers a comprehensive range of managerial, commercial and technical programmes.

State Bank Issues Cash-Equivalent Settlement Notes

BK2311143892 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 17 Nov 92

[Text] From 20 November 1992, the Vietnam State Bank will issue three types of settlement notes in 100,000, 500,000, and 1 million dong denominations to facilitate cash transactions.

The settlement notes are circulated in the entire country without names and are transferable. Individuals and organizations are allowed to use settlement notes to pay for purchases, services, and debts. They can be used to pay taxes and deposit to banks, treasury, financial companies, and credit cooperatives.

The banks, credit organizations, and state treasury must create favorable conditions for the use of settlement notes to limit cash circulation. But they must not force their customers to receive their money in settlement notes when they need cash to pay for salary, social welfare, and so forth.

The expired date of settlement notes is printed on the notes and they should be kept safely as bank notes. All activities of speculation, trading, defacing, and correction of settlement notes are strictly forbidden.

Nong Duc Manh Visits Bac Thai Province

BK2311104892 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 17 Nov 92

[Report on visit by National Assembly Chairman Nong Duc Manh to Bac Thai Province on 8-14 November—read by announcer]

[Summary] "On 8-14 November, National Assembly Chairman Nong Duc Manh paid a working visit to Bac Thai Province. Accompanying him were Dang Quoc Tien, deputy secretary of the provincial party standing committee and Hoang Van Tao, deputy chairman of the Bac Thai Province People's Committee.

"Chairman Nong Duc Manh spent a great deal of time contacting ethnic minority voters in the districts of Na Ri and Bach Thong and Bac Can Town." At the villages of Cuong Loi, Con Minh, and Yen Nhac Town of Na Ri District, the chairman listened to public suggestions to the party, government, and National Assembly on the local socioeconomic situation. He and his entourage visited Na Ri Medical Center, which is comprised of 57 medical staff, including nine ethnic doctors. The staff urged the National Assembly and government to provide for better medical service to ethnic communities in mountainous areas. The chairman also visited Na Ri District High School. Comrade Ho Van Phu, headmaster of the school, reported on efforts to improve its service and on the difficulties of ethnic students. Then Chairman Nong Duc Manh held a public contact with Bac Can Town voters."

In Bach Thong District, after listening to reports on 1992 local production, Chairman Nong Duc Manh was pleased at achievements scored by the Bach Thong District party committee and people. He also visited the family of Mr. Nguyen Van Bang in Quan Thuan Village, who is earning about 10 million dong a year from fruit tree cultivation.

"After visiting some socioeconomic institutions and contacting the public, the chairman held a working session with leading comrades of Bac Thai Province. Comrade Ngo Hai, member of the party Central Committee and secretary of the provincial party committee, reported to him on the implementation of 1992 socioeconomic planning in the last nine months. Chairman Nong Duc Manh highly evaluated Bac Thai party committees and people in recent years for their improvements in all fields, especially the application of high-yielding rice strains and the increase of industrial tree cultivation."

He also advised that in order to implement the National Assembly resolution on the socioeconomic development in mountainous provinces, Bac Thai needs to carefully plan for their forest and agriculture production, cadre training, and education and medical service improvement.

Australia

Evans: Sanctions Against Khmer Rouge 'Unlikely'

BK2211095292 Melbourne Radio Australia in English 0800 GMT 22 Nov 92

[Text] Australia's Foreign Affairs Minister Gareth Evans says sanctions against the Khmer Rouge over their refusal to resume cooperation with the Cambodian peace process are now unlikely to go ahead. Some nations have been pressing for the UN [United Nations] Security Council to impose sanctions within days but the UN Secretary General Butrus Butrus-Ghali has said he favors continued patient diplomacy.

Senator Evans, speaking on Australian Television, said he could not see the UN actually imposing sanctions at this stage.

Jakarta Urged To Allow ICRC To Visit Rebel

BK2411103392 Melbourne Radio Australia in English 0800 GMT 24 Nov 92

[Text] Australia has asked Indonesia to allow the Red Cross to visit the captured Fretilin [Revolutionary Front for an Independent East Timor] leader, Xanana Gusmao. Foreign Minister Gareth Evans says the International Committee of the Red Cross [ICRC] has sought access to Mr. Gusmao but so far without success. But, Senator Evans says a senior Indonesian official had indicated ICRC representatives will be permitted to visit the Fretilin leader.

In parliament, the foreign minister renewed his call for Jakarta to use Mr. Gusmao's arrest as an opportunity for reconciliation with the people of East Timor. Senator Evans said he hoped Indonesian authorities would take the occasion to start another serious attempt to reconciliation in East Timor.

Keating Urges Solomons, PNG To Talk

BK2411103792 Melbourne Radio Australia in English 0800 GMT 24 Nov 92

[Text] Australia has urged Solomon Islands to talk to Papua New Guinea [PNG] about the border problems connected to the Bougainville conflict. Australia's Prime Minister Paul Keating told parliament that the two countries should resolve their differences through direct high-level contact. He said there had been an unwillingness on the part of the Solomon Islands Government to talk to PNG and he urged that the dialogue be re-established.

Mr. Keating said he had received a letter last month from Solomon Islands Prime Minister Solomon Mamaloni about Australia's defense aid to Solomon Islands. Mr. Keating said he wrote back to Mr. Mamaloni in October saying that Australia was ready to review its defense cooperation program with Solomon Islands to address any concerns Honiara might have. Australia is still waiting for a response from Mr. Mamaloni.

Ray Criticized on Possible SRV Defense Ties

BK2411070892 Melbourne Radio Australia in English 0500 GMT 24 Nov 92

[Text] Australia's parliamentary opposition says there could be no possible benefit to Australia in any defense cooperation arrangement with Vietnam. The opposition spokesman for immigration and ethnic affairs, Philip Ruddock, said Vietnamese who had settled in Australia after fleeing communist oppression will be aghast at any defense links.

Mr. Ruddock was commenting on a speech by Australia's defense minister, Robert Ray, who said opportunities for defense cooperation with Vietnam could arise over the next decade. Senator Ray said it was time to spread our future defense possibilities with countries such as Vietnam and Cambodia, and Australia had no specific proposals.

Mr. Ruddock questioned whether Australia would benefit from defense arrangements with a Vietnamese regime whose human rights record was abysmal. The opposition immigration spokesman said legal recognition and trade with Vietnam was one thing, but the defense cooperation had an entirely different character.

New Caledonia

Government, Business Groups Visit New Zealand

BK2211112692 Hong Kong AFP in English 1056 GMT 22 NOV 92

[Text] Noumea, Nov 22 (AFP)—A government delegation left here Sunday for a week-long official visit to New Zealand at the same time as a trade delegation headed for the same destination, officials said.

New Caledonian High Commissioner Alain Christnacht, the president of the territory's North province Leopold Joredie, and the president of the Loyalty Islands province Richard Kaloi are due to meet senior New Zealand officials including Prime Minister Jim Bolger and Foreign Minister Don MacKinnon.

The second delegation, made up of heads of local businesses, is due to negotiate new economic contacts between the French South Pacific territory and New Zealand, particularly new markets for its exports.

Christnacht said before leaving that the visits were part of the territory's policy of maintaining good relations with its Pacific neighbours, and were expected to take place in a "generally excellent" climate.

Relations between New Zealand, New Caledonia and France were strained in recent years due to the bombing by French agents of the Greenpeace ship Rainbow Warrior in New Zealand, French nuclear testing in the Pacific and Auckland's support for Kanak nationalists in New Caledonia.

Ties improved following the signing of the Matignon Accords which allow for a referendum on independence in New Caledonia in 1998, and the visit last year to New Zealand of then French premier Michel Rocard and the recent trip of senior Foreign Ministry official Georges Kiejman.

Solomon Islands

Mamaloni 'Strongly' Denies Supporting Motion

BK2311082092 Melbourne Radio Australia in English 0500 GMT 23 Nov 92

[Text] Solomon Islands Prime Minister Solomon Mamaloni has strongly rejected reports that he supports a proposed motion to dissolve parliament. Solomons radio reported during the weekend that Mr. Mamaloni had indicated his support for the motion which is expected to be moved on Thursday by the leader of an independent group in parliament, Francis (Somala).

However, in a strongly-worded statement issued today, Mr. Mamaloni says the radio report is incorrect and that he has never told Mr. (Somala) cabinet would support the dissolution motion. Mr. Mamaloni claims most of the members of parliament, including the opposition back bench, do not support the motion and that the speaker of parliament is of the view that it does not comply with standing orders.

Mr. (Somala) said he will move the motion because of what he calls the widespread dissatisfaction over the government's performance in the number of questionable decisions it has made.

Tonga

Radio Banned From Mentioning Democracy Convention

BK2311024492 Hong Kong AFP in English 0129 GMT 23 Nov 92

[Text] Nuku'alofa, Nov 23 (AFP)—Tonga's state-owned radio has been banned from broadcasting any information on a democracy convention that opens here this week, an organiser said Monday.

The move is the latest by the monarchy-dominated government against the convention starting Tuesday as part of a campaign to amend the constitution.

Earlier this month, Police Minister Noble 'Akau'ola banned foreigners and New Zealand-based Tongans from entering the country for the convention.

Two law professors, Bill Hodge from New Zealand's University of Auckland and Guy Powles from Australia's Monash University, sent video presentations for use at the convention after being denied permission to enter the country.

The government also prohibited the use of a school hall by the convention, which will now take place in the Roman Catholic Church's Basilica.

Tonga's unicameral parliament comprises 12 ministers, including Prime Minister Baron Vaea, nine nobles elected by Tonga's 30 nobles and nine members elected by some 90,000 commoners.

The commoner MPs have been calling for greater democracy, and the convention is part of their campaign to urge the king to amend the constitution.

Organising spokesman Father Selwyn 'Akau'ola said Monday the event had sparked widespread interest and the organisers had applied to the broadcasting board, headed by Vaea, to allow an hour of coverage from the conference each day.

But they were refused and were also banned from advertising the conference, 'Akau'ola said.

He said they would now tape the proceedings and distribute copies around the various islands when the conference finishes.

Democracy Conference Opens

BK2411003992 Hong Kong AFP in English 2142 GMT 23 Nov 92

[By Michael Field]

[Text] Nuku'alofa, Nov 24 (AFP)—A conference on limiting the Tongan king's near absolute powers and increasing democracy opened here Tuesday with allegations the constitution allowed for a despotic and unjust rule.

Tonga's political and economic power has been "concentrated in the hands of a tiny minority" who have turned law and order into "the forces of injustice," pastor Siupeli Taliai told the opening session of the conference called by pro-democracy commoner members of the royal-dominated Legislative Assembly.

The constitution "allows a despot to be a despot," said the senior pastor of the Free Wesleyan Church which is headed by King Taufa'ahau Tupou II.

In 1875 when the first king, Tupou I, drafted the current constitution, the power of the chiefs over the commoners knew no limits, while commoners had no souls or rights, he said.

"They were commonly referred to, even today, as the 'kainanga-e-fonua' or the 'eaters of the soil'," Taliai said, adding it was "incredible" such a constitution was still regarded "as suitable for enlightened Christian people living at the close of the 20th century."

The only possible reason was that it was "intended for the privileged and, while making some token democratic gestures, is designed to preserve old Tongan inequality, entrenched power and position."

He said the constitution allowed "totally unjust decisions" in the assembly to be completely legal.

Tonga has a feudal monarchy, he said, with less than one third of the assembly's members elected and power concentrated "in the hands of the monarch and its appointees."

He highlighted the fact that the monarchy is immune from impeachment, can act unilaterally and is not bound to act on the advice of ministers. The king may appoint or dismiss ministers and summon or dissolve the assembly at any time, refuse to assent to any law, suspend habeas corpus, proclaim martial law, make treaties and command the forces.

"In our beloved Tonga today, there is still structural injustice after a century of so-called constitutional rule," Taliai said, adding vested interests meant any efforts to make the system more just were dismissed as subversive.

"However, we dare not overlook the fact that there may be law and order where there is no justice, and indeed that sometimes the forces of law and order are themselves precisely the forces of injustice.

King's Rule Said 'Barbaric'

BK2411043692 Hong Kong AFP in English 0409 GMT 24 Nov 92

[By Michael Field]

[Text] Nuku'alofa, Nov 24 (AFP)—More than a century of silent subservience to Tonga's royal family ended here Tuesday as hundreds of commoners met to hear damning criticism of the country's Constitution, lambasted by one speaker as "ethically criminal and theologically barbaric".

The meeting was called by minority commoner members of the legislature to call for changes in the Constitution that gives King Taufa'ahau Tupou II [as received], assisted by nobles, virtually absolute powers.

Despite a ban on any publicity on the state-run Tonga Broadcasting Commission, more than 1,000 people filled the Roman Catholic Basilica Hall, and more outside listened to a broadcast of the proceedings.

Police in relatively large numbers kept themselves to directing traffic, but the previous evening they had allegedly stopped a Tongan-born U.S. politician entering the country.

The Pro-Democracy Movement, organisers of the conference, said Filia Uipi, a member of Utah's state legislature, was dragged back on to the Hawaiian Airlines flight which brought him to Tonga.

His wife collapsed at the airport but she too was put back on the plane, the statement said.

Pro-democracy MP Viliami Fukofuka said Police Chief Superintendent Sinilau Kolokihakaufisi had last week given an assurance that Tongans living overseas would be allow in for the conference.

But Fukofuka noted that this week Police Minister Noble 'Alau'ola, a hardline critic of the Pro-Democracy Movement, was acting prime minister.

Two law professors from New Zealand and Australia sent video presentations for use at the convention after being denied permission to enter the country.

One of Tonga's leading churchmen, Siupeli Taliai, told the conference that political and economic power had been "concentrated in the hands of a tiny minority" who had turned law and order into "the forces of injustice."

He added that the Constitution in its current form was "ethically criminal and theologically barbaric."

A senior pastor in the Free Wesleyan Church which is headed by the king, Taliai said it was "quite incredible" that the Constitution "can still be regarded today by some Christian leaders ... as suitable for enlightened Christian people living at the close of the 20th century."

It was, he said, intended to protect privilege while making "some token democratic gestures."

"Political and economic power is concentrated in the hands of a tiny minority able to command financial rewards out of all proportion to their actual work," Taliai charged.

"This is why privilege argues against social change; and why the pursuit of justice always labours under the disadvantage of appearing subversive, and those who would work to eliminate the injustice are therefore always placed at the moral disadvantage of imperilling its peace."

He highlighted the fact that the monarchy is immune from impeachment, can act unilaterally and is not bound to follow the advice of ministers. The king may appoint or dismiss ministers and summon or dissolve the assembly at any time, refuse to assent to any law, suspend habeas corpus, proclaim martial law, make treaties and command the forces.

Tonga's unicameral parliament comprises 12 ministers, including Prime Minister Baron Vaea, nine nobles elected by Tonga's 30 nobles and nine members elected by some 90,000 commoners.

The conference was held in the Basilica after the authorities prohibited the use of a school hall. The government also refused to send any representative at the meeting and has so far had no reaction to it.

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Mr. Akashi because he is a Japanese, or Mr. Akashi should not expect great things from the Japanese unit. No matter what nationality the representative is, Japan's diplomacy should strive to bring the Pol Pot faction into the arena of talks arranged on its own initiative, and the PKO unit should carry out its activities in a cool manner.

[Suzuki] Self-defense officials were lately sent to the PKO training center in Sweden. Did they primarily receive the cease-fire monitoring training?

[Hatakeyama] We sent 35 persons. Of 29 Ground Self-Defense Force personnel sent, several were cease-fire monitors. The course was not only for training cease-fire monitors. Part of the "PKO" are absorbed by rear logistics support units as well, and so they went to Sweden not to receive PKF [Peacekeeping Forces] training, but to learn what the "PKO" in general are.

PKO-Related Budget, Allowance to Unit Members

[Suzuki] When the unit is dispatched, what means will be used to transport personnel, equipment, and tools and materials? I hear that the Air Self-Defense Force C-130's and the Maritime Self-Defense Force transport ships will be used.

[Hatakeyama] Civilian airplanes and ships will also be used according to circumstances.

[Suzuki] I suppose it is not easy to carry them by transport ships. They move slowly, and on the open sea people on board will not feel comfortable. The quantities they can carry are not so large. Personnel may not be a problem because they can be carried by air, but it will be a very huge job to carry equipment by transport ships all the way to Cambodia.

[Hatakeyama] I think so. However, civilian transport means will not carry them free of charge, and so we will have to make full use of what the military has, and chartered planes and vessels will be used to make up a deficiency in the carrying capacity.

[Suzuki] What will be the budget for PKO activities?

[Hatakeyama] I think there are two kinds of costs. For example, concerning gravel, cement, and the like that are consumed at the actual site, by their nature it is hard to regard their costs as defense-related expenditures. Therefore, the expenses cannot be paid by the Defense Agency. However, this will not be a problem because the United nations says that it will supply these materials. However, in case they are not supplied, the PKO Headquarters or the Foreign Ministry should procure and supply them to the SDF. There are thus the kinds of expenses that cannot be considered defense-related expenditures by their nature, and so the Defense Agency cannot be responsible for their procurement.

The other kinds of expenses are those for things like fuel, for example, which are used in training and daily activities. Such expenses are undeniably defense-related expenditures by their nature. However, we may at times find those items Lacking in quantity. At present, we are still in the middle of this fiscal year and have sufficient amounts of funds to be used for their primary purposes; therefore, we can temporarily divert the funds to this area [PKO], and when the budget runs short we will naturally have to appropriate reserve funds or compile a supplementary budget.

[Suzuki] Will unit members be given a special allowance?

[Hatakeyama] I think the Bureau of Personnel [of the Defense Agency] is studying it now, but no formal decision has yet been made.

[Suzuki] I hear that the amount is somewhere around 20,000 yen per day...

[Hatakeyama] That is what I hear among other figures.

[Suzuki] In case one dies, how much will be paid in compensation?

[Hatakeyama] The upper limit was 17 million yen, but it has been raised to 50 million yen.

[Suzuki] We can never say the amount is large, but it has certainly increased a little.

At any rate, you have been lucky to deal with crucial issues at important junctures such as the dispatch of a mine-sweeping unit to the Persian Gulf and the initial-stage support to Cambodia.

As for the actual departure of the unit, it is said that the advance party will leave toward the end of September, and we also hear that the main force will complete its deployment by the end of October. I expect you to do your best.

LDP's Ozawa Speaks on Political Reform

OW2411015292 Tokyo BUNGEI SHUNJU in Japanese Dec pp 136-149—FOR OFFICIAL USE ONLY

["Article" by Ichiro Ozawa, member of the House of Representatives and former secretary general of the Liberal Democratic Party [LDP]: "Why Do We Aim At Reform?"]

[Text] First of all, I want to ask this about the current struggle within the Keiseikai: What is the fundamental cause of it? The media hav regarded the struggle as one for succession to the chairmanship of the Keiseikai, the largest "faction" of the ruling "Liberal Democratic Party." They have presented to the people articles and television programs from the standpoint of the party or the faction. I have a fear that the true nature of the problem has not properly been conveyed to the people amid such excessive coverage.

Essentially, the current struggle has nothing to do with the faction or the party. It is different from the selection of a boss staged at the level of a mere private organization called "habatsu" (faction). The media has made

59

very cynical remarks about this struggle, as if it were the selection of a leader by monkeys in a monkey colony. As is usual in human society, the struggle has partly such an aspect, but its true nature is different again.

I fully recognize that the struggle is a confrontation between the reformist group and the conservative group. In the current circumstances, reform and conservatism do not necessarily meet hard and fast definitions. Our own members have various opinions on political reform—just one of the areas of reform. We have a common understanding in that we aim to fly the flag of reform in the future and share an idea and concept of reform, however, and overcome our differences of opinion and over concrete methods. There is, I think, a fundamental difference between the so-called "anti-Ozawa group" and our group.

Therefore, in view of the fact that true politicians and political organizations ought to have an historical perception, we are the ones following the trend of the times, and we are confident that what we are aiming for is right. It is true that the current struggle has a mere human aspect, but at the root of this struggle lies a power struggle between reformist and conservative groups. I would like all of you to know this.

"Anti-Ozawa Group" Has Neither the Will nor the Passion for Reform

In due course I will make detailed comment about the reform we have in mind, and about what is wrong with the conservative group. First of all, I will briefly touch on what we have claimed and how we have behaved in the current "struggle."

There is a great difference between what we discussed in the Saboukaikan Building, which houses the Keiseikai office, and what was reported in the media immediately afterwards. Discussion in the group centered on why Hata was recommended for chairman, after we recommended him as such. The only argument the opposing group offered against the proposal was that it was improper for a current cabinet member to become chairman of a faction, however. Such a discussion in the face of facts will not do, for Miyazawa and Watanabe are undoubtedly faction chairmen.

I have proposed that we should, rather than hold such a trivial discussion, choose a chairman purely on the basis of his quality, bearing in mind the kind of leader needed in this age of upheaval. I have not said that Mr. Obuchi is an incapable person. If we think seriously about the political future of Japan, as it should be, and about the sort of man we should choose as our leader, we will, I think, inevitably come to the conclusion that Mr. Hata is the more suitable.

The opposing group does not have such a will or passion for reform, however. What they have in mind is a mere seniority system in personnel matters—personnel matters are best conducted in the following order: Old men, men in the prime of life, and the young. They have no sense of urgency, despite the fact the people's distrust of politics is agitated and in an age in which the future course of Japan, following the end of the cold war, is questioned by the international community. Although Japan stands in the teeth of a foul wind, they still want reform as it was under the cold war arrangement; that is, reforms would be better off being carried out in 50 or 100 years' time.

In short, they do not have a new historical perception. That is the reason why they can remain idle like that.

At the leaders' meeting, I insisted that a man of insight be chosen as leader, and in the end I went so far as to propose that either Mr. Obuchi and myself, or Mr. Hata and Mr. Obuchi, should have a debate. We had given the nation an impression that we were conducting an exchange of words behind closed doors; I therefore said that we should rather ask a large number of people to select a competent person after an open debate. However, they rejected my suggestion, calling it an absurd idea. Thus, discussion was out of the question.

On the other hand, as you know, Mr. Harada left in the middle of the meeting, saying he would announce his own view to the press. After telling the press that "Obuchi would be chairman," he returned and said that he had just made the announcement, adding that he was going home and that we could do as we pleased if we did not approve of what he had done. Thus, he gave up in despair; the opposition group did not have any intention of observing democratic rule. I was stunned by what they did. They said arbitrarily that "the matter had already been settled," and then they did not hesitate to spread the fiction that "the upper house Keiseikai," which was actually divided in opinion, had unanimously agreed on Obuchi, thus venturing on making this an accomplished fact. They made a move that was quite unbelievable to me. If they really pride themselves on being the mainstream of Keiseikai, why is it necessary for them to employ such stopgap politics? I think the reason that they resorted to a reckless act in disregard of the democratic process is because they lack the self-confidence of being in the mainstream.

In short, the opposition is devoid of understanding for the times, and I cannot help thinking that they have gathered just because they have a personal grudge against me. Which side is meeting the needs of the times better—their group or ours? It is evidently our group, and naturally we are confident that our stream will be the mainstream in due course.

From the beginning, I was ready to resign with Chairman Kanemaru; however, in the course of time, very strange moves were made, and I had to rethink my resignation. At any rate, all I heard was slander against me, far from a frontal attack raising objections to my policies or way of thinking. The other group used improper language akin to accusations: "We do not like your way of doing things; we do not like your face." As for my face, I have no alternative but to say: "Complain to my parents about my face." Consequently, I fell into a mood which did not allow me to stomach what was going on. To tell the truth, I said to myself: "Damn it! Let me have a try"; however, I never thought of becoming chairman myself, only I did not tell this to my fellow members—I cannot say my passion did not run high.... In the end, I decided to convey my final intentions to all by recommending Mr. Hata at the leaders' meeting.

What Does "Settle the Issue" [kejime] Mean to Politicians?

The Japanese people today do not have any awareness at all that politics belong to them. Everybody feels like a spectator; therefore, when there is an affair like the Sagawa scandal, everybody attacks politicians and shout in chorus, "Settle the issue," "Settle the issue," as if he has no responsibility of his own. If a politician who was made the target apologizes, saying "I am sorry," he is pardoned without further ado. Although the media make a great uproar in the midst of an affair, they forget the affair entirely and, once it is settled, look on as if nothing had happened. Everything is okay after the typhoon passes. The root of the matter has hardly been discussed.

Are the consequences as simple as that?

Of course, apologies are necessary; however, I think that politicians have more important duties to perform. The real responsibility of politicians is to reform the present political structure itself so that the same problem may never happen again. Until now we have seen the following repetition: "A politician says 'I am sorry' in a clever manner, then everybody forgets. When another affair occurs, he says 'I am sorry' again, and then everybody forgets again." Such repetitions breed a deep distrust of politics. I think this is caustic criticism leveled at politics and at politicians who have failed to get at the root of the matter, and really such criticism represents the people's exercising veto rights over conservative politicians.

Future politicians should not just act as if they sorry, bending their backs until the storm passes by; they should bravely lift their faces in spite of the storm, bearing the brunt of criticism; they should discern the root of the criticism and bravely initiate political reform. They should discontinue the present practice of mending matters with honeyed words; they must show the people their sincere regret by their actions. Politicians who cannot translate words into action can no longer be called politicians. We are now acting within a body with such indomitable resolve, and this is the point where we differ decisively from the so-called anti-Ozawa group.

I would like to request understanding from the people.

As you know, be it the newspapers or television, the media regards politics as somebody else's business—I think this is a Japanese way of doing things. We leave politics to politicians, saying: "We have nothing to do with politics. It is all right, as long as those responsible for it do it properly." Although people are sitting prettily in the absence of responsibility, they still find fault with what the government does. Politics originally belonged to the people; however, even LDP Diet members have recently lost such sensibilities. Even Diet members of opposing parties, in asking for answers in the Diet, try to listen not to the words of ministers but to those of government officials. They feel relieved at the words of government officials. Nothing can be more absurd than to make light of politics like this.

This is also the case with the newspapers. They think that politics is to be conducted by the rich. They hardly consider that the people must furnish political funds. They think that politics should be conducted by those who have a certain degree of ability and property. They sharply criticize these people if they do something unusual. They are under the illusion that their job is to criticize. Naturally, politics costs money. Moreover, under the current political structure, all political funds are borne by individual Diet members. Closing their eyes to these actual conditions, they are quick to criticize when problems arise. In this way, their dependence on others is nothing more than irresponsible. When referring to the reform of the election system, they say: "It is a crying shame that elections cost money. The comings and goings of political funds should be more strictly controlled." If the means of collecting money are steadily limited without changing the reality of the political system, in the end, only the rich will engage in politics. Can the people really tolerate this?

Unless we free ourselves from such an infantile theory as "it is good for the rich to conduct politics and lose everything," Japan's political system will fail to improve. Nobody will consider going into politics, and I do not think that the right sort of people will enter the world of politics.

Reasons Why I Oppose Kanemaru's Resignation

Such a tendency is actually growing in local assemblies. The rate of competition among leaders and members of local assemblies is declining steadily, and the lack of quorums has begun to appear in some localities. It is too absurd for anyone to engage in politics. Politicians are not treated with respect and win no honor, and yet they are expected to spend a lot of money. Who in the world would take on such a task? If we leave political reform as it is, I think that this same situation will crop up at the national level. This will prove to be the essence of political crisis.

Therefore, I, personally, absolutely oppose the international trend, as well as the trend in the media, of demanding the resignation of Diet members—especially resignations of people like Chairman Kanemaru. In the first place, the Political Funds Regulation Law has not been applied to politicians themselves for the past 50 years because the official mechanism is such that political funds are assigned to a politician's support organization, never to a politician per se. Nevertheless, this time the law has been applied to Chairman Kanemaru, thereby legally recognizing that all political funds are directly linked to individual politicians. If this is indeed the case, then Japanese politicians will always be punished, even for trifling matters. This issue has grave consequences for Japanese politics. It is an outrageous situation, and, as the proverb says, "The remedy is worse than the evil."

There was biting criticism that a fine of only 200,000 yen [Y] was imposed for receiving Y500 million. I would like to say a word about this, too.

A fine of Y200,000 was imposed in conformity with the law. If we contend that this is improper, we should change the law. This is the proper way to act, and it is illogical to demand haphazardly someone's resignation from the Diet. For the people to remove representatives, which they themselves have chosen, for this reason is tantamount to strangling themselves. If we have any objections to a particular politician, we had better vote him out of office. The problem of losing one's Diet membership should primarily be settled by elections.

Chairman Kanemaru is a person who is very sensitive about public opinion. As he wrote in his statement following his resignation, he was thinking about his ultimate course of action, including his possible resignation, from the beginning. This is a fact. He is a man of integrity. This explains his admission in August of receiving the donation. Has there ever been such a politician in the past? All other politicians were evasive when they said Chairman Kanemaru's secretary had received the donation, were they not? There has been no politician who has acted as Chairman Kanemaru did. For all that, I wonder why the media failed to point out this fact.

A fine of Y200,000 is stipulated by the law, and it is impossible to pay more than this amount even if one wants to. Nevertheless, the problem is neither the amount of money nor the size of the fine. The crux of the matter is the fact that Chairman Kanemaru received criminal punishment. Criminal punishment carries with it a criminal record, and it influences a person's life in society as well as in politics. Criminal punishment is a social sanction of great magnitude. It is not merely a matter of the amount of money received, and yet, this issue has been confused all along, whether consciously or unconsciously. This is the point that baffles me.

I Do Not Want To Be Prime Minister or Anything Like That

If I say such a thing, there will be some people who shake their heads and say: "You are not revealing your true intention. You are the very incarnation of the old-fashioned political system, are you not? Although you are theorizing in this manner, in the end, your only aim is power." These people also say that the current conflict is nothing more than an old power struggle disguised under a thin veneer.

This is wrong. This is absolutely wrong.

If my sole political objective were to become prime minister, I would have assumed the post last year in place of Mr. Miyazawa on Chairman Kanemaru's recommendation. At that time, Chairman Kanemaru scolded me severely, saying: "If becoming prime minister is not your objective, what then is your goal?" Nevertheless, I declined his recommendation.

I have never entertained the idea that my goal is to become prime minister. My sole objective is to reform politics. There are many others who are fit to be prime minister. I think Mr. Hata, whom we helped achieve a chairmanship, is a representative of the highest order.

My passion for reform goes back to the time when I was in my twenties. When I was elected for the first time at the age of 27, I was already a reformer. This is partly because of my background. My father (the late Yoshi Sashige, member of the House of Representatives) experienced the bitterness of life because of his father—a drunkard who sold his fields. He could not afford to attend even a satisfactory elementary school, and he learned most of his lessons through adversity. Therefore, he was very critical of the establishment. He always viewed business and government officials with a jaundiced eye. Naturally, I, as his son, inherited this trait from my father. Having held the office of secretary general of the Liberal Democratic Party, I may certainly appear to someone else to be the incarnation of the establishment. Nevertheless, to cite one example, neither I nor my father ever had any relationship whatsoever with people in economic circles in terms of our finances. The truth of the matter is that I can talk to these people without reserve all the more because I have nothing to do with them.

When I became secretary general, people in the business community offered to do me a favor—to create my support organization—but I am absolutely not an establishmentarian.

When I was secretary general, I waged election campaigns and collected money from economic circles. At that time, the media played me up by saying: "Kakuei Tanaka's hanger-on, as expected, is a great crackerjack." But this was utterly wrong. Because I had no relationship or any unsavory ties with those in economic circles, I merely spoke honestly: "You should pay the price of democracy. If you do not like it, then you do not have to." I did not bulldoze my ideas, even though this was so rumored around town.

Since my days as a student, I have taken great interest in the Meiji Restoration, and I have learned a great deal about the restoration on my own. I think that it was truly a great revolution. I think that, in the history of the world, only the Meiji Restoration created such a revolution in a single swoop. All changes were dramatic, such as jumping from feudalism into a modern industrial society and the drastic reform of the land and class systems. Japan owes what it is today to the great revolution of the Meiji Restoration. My current interest is how the Japanese people accomplished such a great revolution. Perhaps it was reform within the establishment that made the revolution successful. The Japanese people, by their very nature, are adverse to reforms that come from outside the establishment. The Japanese are not comfortable with changes that come through the raising of an army in the mountains or a revolution that develops from a citizens' campaign. Therefore, when this country requires a change, the voice for change must be raised within the establishment. This applies to the Meiji Restoration, too. After all, it was nothing other than a reform that came from within the establishment in the sense that it was engendered by warriors.

Therefore, if you really want reform, you must cultivate your personnel and establish your influence within the establishment; otherwise you cannot meet your goal. I would like you to regard our current actions as a reform movement that is coming from within the establishment.

Why Am I Considered Dangerous?

The press has reported that some people, including the anti-Ozawa group, have set up a net to encircle Ozawa. I really wonder what would be the purpose of setting up a net around a young fellow like me. The media has reported that Mr. Miyazawa, Mr. Nakasone, Mr. Watanabe, Mr. Mitsuzuka, and even Mr. Takeshita are forming part of this net. I, who have been surrounded in this way, am not even a chairman of a faction.

Personally, I bear an obligation toward and an understanding of these people. Even in the world of politics, we should be grateful to a person for "a night's lodging and a meal." Nevertheless, I believe that when it comes to politics itself, this is an entirely different matter. I think that I posses some kind of confidence of Mr. Nakasone, Mr. Watanabe, Mr. Miyazawa, and Mr. Takeshita. Still, to conservatives, whoever they may be, I can see how I might look like a man with dangerous thoughts.

I think these people have the feeling that I am about to destroy "the ancient regime" in which they enjoy themselves so much. I think they may feel a repulsion toward me, and, in turn, they must think: "It is dangerous to entrust the matter to him. He acts arbitrarily and on his own authority. He is dictatorial and tyrannical." The people of the conservative group may fear me and think: "If his school becomes a main current some day, he will change everything without mercy, literally plunging politics into a grave situation." This is the feeling I get. Nevertheless, within the LDP there are more than a few members who are reformists at heart. There are those who side with me in secret, choosing to stay out of the factional struggle. Admittedly, the number of these people is still relatively small, but it is inevitable that reformists are always small in number at first. When reformists come into the majority, a "revolution" begins then and there. Until we get to the very limit, we do not mind being few in number. But I think there is the potential for our numbers to increase rapidly.

When I talk about the politics of conservatives, I mean the politics of the postwar order. After the war, Japan's politics managed to function without playing an important international role amid the cold war structure: All that Japan's political system had to do was to impartially distribute what was earned through hard work. In short, political business comprised nothing more than distributing appropriations among the Japanese themselves, and once in a while listening to the complaints of opposition parties. In the end, there was no place for politics, and politicians did not need to have political insight or strong policies. Consultations were held solely to determine the distribution of wealth, even though the word "consultations" may sound respectable enough. Also, Japan completely disregarded the costs required to shape its external environment—a peaceful, free world—an environment in which Japan's economy grew and played an active role. We can say that all Japanese have gotten a free ride in terms of the freedom and peace that was established by the United States and the West. This has been Japan's political structure during the cold war period.

After the cold war, however, the world has embraced change. The Soviet Union has collapsed and the leadership of the United States is not what it used to be. The time has come when the world naturally is asking Japan to bear the costs it has failed to bear so far. In turn, Japan's politics, which never thought of bearing the costs, does not know how to deal with this. Japan has certainly grown, but it is not an adult in terms of its spiritual and intellectual structure. Japan is really like a large tree that is good for nothing but shade. Japan is not in step with the world as it is.

For this reason, we need to reform the political structure of Japan as soon as possible. We have to change the political setup itself so that politics may think by itself, sweat by itself, act by itself, and bear its own responsibilities. In addition, there is not much time left. If we consider the world's look of keen reproach, we must initiate reform at the earliest possible date. I even think that no country in the world will have anything to do with Japan if it does not implement drastic reforms within a few years.

We believe that political reform is the first step to be taken. Unless we change the actual situation of both the ruling and opposition parties, which was allowed to exist under the cold war structure—a structure in which it was possible to take things easy—we cannot possibly initiate the reform of political structure in the true sense of the word.

Although I am often said to be an advocate of the small electoral system, this is not true. A change in the electoral system is only a means, and any means will do. I am saying that the first consideration is to change, by any means, the relative power between the senile ruling party and the senile opposition parties, both of which are bathing in comfortable, lukewarm water. In this sense, and from a realistic viewpoint, the small electoral system seems preferable. The LDP will certainly win by a landslide at first. As is evident from the example of the Recruit election held some time ago, there is the possibility that a complete change of power will take place in a single election under the small electoral system, but only if the opposition parties come together. Therefore, I think that what we can push for now is the small electoral system. The point is not the electoral system but, rather, political reform. I think that Japan should try a two party system again through such political reform.

At any rate, today's Japan must effect a drastic political reform, in which very powerful leadership must be established.

The Role of Centralized Authoritarian Rule Is Over

We must conduct such political reform; furthermore, we must clean up our administrative setup—administrative reform. We should eradicate the abuses of centralized authoritarian rule and realize the bold decentralization of power. Since the Meiji era, Japan's central bureaucratic system of superior quality has played the role of the "pivot of a fan" in Japan—a modern nation that developed later. I have no intention of saying this or that about its merits. The centralized authoritarian rule of the past no longer passes current in the Japan of today. From the standpoint of the industrial structure, the Japanese system of making a lot of quality goods at a low price has already reached its limit. In the area of politics, too, centralized authoritarian rule has made the political consciousness of the Japanese infantile. The time has come when every one in the nation has to think for himself and decide for himself, but a modern Japanese cannot do this. The government has set an ambitious goal for the economy and politics, and has accustomed everyone to run toward that goal with the cry of "heave-ho." All Japanese have the same sense of value and are neck-high in a society which compels a consensus of opinion from them. Such a practice will not pass current in the future, however. We must build a social climate which attaches great importance to the further development of individual ego as well as to respect for individuality, perhaps to the extent of Western society. I think that centralized authoritarian rule is detrimental to such a purpose.

The bureaucrats of today are still bigoted in the consciousness of their being high and mighty. They believe that Tokyo should play the functions of the brain, leaving those of the limbs to the provinces. The repetition of the slogan—activation of local communities and building of creative provinces—could hardly materialize under these circumstances. Mere observation of individual Japanese convinces us that there is hardly room in Japan for raising people with a remarkable personality. Times have changed, however. To limit our talk to the economic field, what is demanded in the future is the development of original goods with high added-value. For this purpose, we must raise people with remarkable creativity.

The role of centralized authoritarian rule has ended.

We should refrain from clothing ourselves in the livery of the government opinion; instead, we should reform our national and social setup so that the creativity and traditional culture of local people may be activated. For this purpose, we need to implement an administrative reform with all our might. This is to dissolve, in a sense, the central government agency of Japan. Naturally, the violent resistance of bureaucrats can be expected.

We have measures for this, however. I think that the bureaucrats will resist if a reform is conceived with the intention of depriving them of their power. What we should do is change the conception—both central government officials and Dietmen should strive for the accomplishment of a larger task, thinking of the future of our country, Japan.

For example, we should leave work concerning local communities to the provinces, such as the pavement of small roads in their vicinity, the construction of sewers, and the building of public halls. The task of government officials is to devote themselves to administrative affairs pertaining to the national framework, such as diplomacy, security, education, public peace, transportation, and the communications of the country as a whole. The same applies to the Dietmen. They should strive for the solution of problems pertaining to the structure and fate of the country, leaving the other matters to the provinces. I think that such drastic reform is real administrative reform.

In this respect, I believe the nation as a whole is still conservative. It can be said that those political leaders who have led such a people also belong to the conservative group. There is no denying the fact that both Takeshita and Miyazawa belong to the conservative group in that they have conducted the affairs of state within the framework of the postwar establishment. Even Chairman Kanemaru is fundamentally one of those who belongs to the postwar establishment. Chairman Kanemaru has expressed—in a sense characteristic of animals, to use his favorite words—an idea that he must raise men of the next generation, however, or even those who advocate reformist views if they are men of superior ability. In this respect, Chairman Kanemaru has had, I think, a conception of which ordinary power holders are devoid. In general, ordinary power holders dislike the advent of men of the next generation, whom they will try to destroy if they distinguish themselves even a little. Chairman Kanemaru did not have such a trait. In fact, I myself do not really know why he backed me up as he did.

In this respect, I think that the nations' awareness is more advanced, however little it may be, than that of conservative politicians, or bureaucrats of Kasumigaseki [location of government agencies], or businessmen in Marunouchi [location of companies' main offices]. I remember running about as secretary-general, when Japan was pressed for international contributions at the outbreak of the Gulf war. The nations' awareness has changed considerably compared with that of two years ago. The majority of the nation supports the dispatch of peacekeeping operations [PKO] forces to Cambodia.

This complete change was unthinkable a little while ago. In this sense, I am satisfied with the result.

Conversely, I also think the following: The decision of the Japanese, whether it is the problem of PKO or something else, tends to be too sentimental. Even the dispatch of troops and mine sweepers was conducted mainly on the basis of the support given in a mood swing. I do not think that the dispatch obtained an understanding after thorough discussion, or was realized, in a way, by the consensus of each individual citizen with an established ego. The dispatch was done in a vague frame of mind: "Well, must we do it after all?"

This is the weakest point of the Japanese. This way of dealing with a situation is wholly characterized by expediency coming too late and clap trap. The problem of the PKO we experienced lately, was none other than the mobilization of an armed group called the Self-Defense Forces, that is, an army. This can be said to be a political decision which calls for the most careful judgment on the part of state power. There are some indications that a grave judgment was formed after a perfunctory discussion, however. This is exactly a repetition of what happened before World War II. Solely because of the lack of sound judgment by the government and of much thinking by the nation, we were dispatched to Shanghai when minor trouble occurred and to Nanjing when more did, and thus were drawn deeper and deeper into war. Of course, the PKO will not lead to war. The Japanese have conceived things in the same way after World War II as they did before it, in the sense that it is characterized by clap trap. Nothing is more dangerous than mobilizing an army without thorough discussion, saying we cannot help doing it in order to form a closer relationship with other nations. We should do anything but that.

Japanese People, Stand Up for Reform Now!

I think that in mobilizing an army politicians should make the decision that it is absolutely necessary for the country; obtain a satisfactory understanding from the nation; and carry it out as the responsibility of the government. This is precisely what we call civilian control. The establishment of the superiority of Defense Agency officials over Self-Defense Force officials is not civilian control. Nothing is more dangerous to a nation than to maintain an army in isolation. Therefore, as for the Diet, I have always maintained that we should make Self-Defense Force officials give an account in the Diet. The sterile culture of Self-Defense Force officials should be prevented. We must not arm people who are ignorant of the world. Both the ruling and opposition parties maintain that the summons of Self-Defense Force officials by the Diet deviates from civilian control. Nothing could be more absurd.

In this respect, I am greatly dissatisfied with the process leading to the realization of the PKO cooperation.

We must immediately reform the awareness of the Japanese who continue to do things the same way as they did before World War II. In the future Japan will have to make, in the international community, important decisions that it has not experienced in the past; therefore, the reform of awareness should be effected at the earliest possible date.

There have been many indications in the press that there is a separation between the logic of citizens and that of Nagata Cho [the center of Japanese politics]. I do not think so. Nagata Cho is by no means a special society different from the world in its commonsense and mode of action. Nagata Cho is the epitome of Japanese society. The politicians living there are no different from ordinary people. They are the representatives of the nation. Then, politicians and the nation are equal. If you are disappointed in politics, then you are disappointed in the whole world in which you live. I want each and every Japanese to have such an awareness now. I want you to stand up immediately for reform, instead of leaving politics, which breeds disappointment.

The politicians are your representatives; therefore, they are by no means perfect or faultless. They are not particularly outstanding in nature or ability; they may be a little unreliable. It is democracy that allows representatives who are a little unreliable to conduct government, however. It can be said that civilization has chosen democracy in spite of the probable criticism of it being a mobocracy, being fully aware of the danger once oligarchy fails. I am determined to effect political reform now with all of you in order to preserve the wisdom of civilization for the future.

North Korea

Article Examines Kim Chong-il's Money Source

OW2211130992 Tokyo SANKEI SHIMBUN in Japanese 19 Nov 92 Morning Edition p 4—FOR OFFICIAL USE ONLY

[Article by Toru Maeda, SANKEI SHIMBUN correspondent in Vienna; first in a three-part series entitled: "Watch on North Korea; Secretary Kim Chong-il's Money Source and the Human Connection": "The 'Golden Star Bank' Has Only Three Personnel; Its Activities Focus on Deposits in Western Banks"]

[Text] It has been reported that North Korea's next leader, Secretary Kim Chong-il, has financial sources in foreign nations. In this connection, some of these financial sources, which are believed to be the foundation of Kim's power, have been unveiled. SANKEI SHIMBUN has discovered one of Kim's financial sources—the "Golden Star [Kimsong] Bank". The "Golden Star Bank" is located in Vienna and has only three personnel, including executives; however, according to its 1991 business report, submitted to the Austrian Trade Court, funds amounting to approximately $1.2 billion were reported as being on deposit in banks in Western nations. There have been questions whether the "Golden Star Bank" is a source for Secretary Kim's pocket money or a source of funds for secret activities.

Vienna Is the Best Place To Set Up a Bank

What made us pursue Secretary Kim's money source is our doubts about how Secretary Kim, financially speaking, will stabilize and strengthen his power in preparation for the post-Kim Il-song era in North Korea. During our investigation, the existence of the "Golden Star Bank" came to light. Among observers of North Korean affairs, the name of the "Golden Star Bank" has long been regarded as a secret password for identifying Secretary Kim's financial backers.

According to information we have collected so far, the Korean Workers Party (Communist Party) Central Committee's 39th Financial and Accounting Department is serving as Secretary Kim Chong-il's "money resource," and "Taesong Bank" is an affiliated institute of the 39th department. Of course, details of its activities are unknown. In addition, our latest investigation showed that the 39th department also has a mysterious institute called "Golden Star Bank" under its direct control.

It is sometimes said that Vienna is the best location for the "Golden Star Bank" to carry out its business. This is because it was a contact point between East and West during the cold-war era and because Austria, as a neutral European nation, has had diplomatic relations with North Korea for a long time. North Korea bases its European activities in Vienna, an old capital, where they can act relatively freely, compared to other nations. Vienna, as a point of contact to Western nations, is the best city in Europe for North Korean officials to approach Western nations. In this sense, it is natural for North Korea to set up a bank in Vienna. Five years ago, President Kim Il-song's kept mistress gave birth a girl in Vienna, and it was confirmed that the mistress, with her daughter, was enjoying a vacation in Stockholm last summer.

Korean Restaurant in the Same Building

A few days after arriving in Vienna, I (Maeda) finally found the location of the "Golden Star Bank." The bank sign was not as mysterious as I had imagined. I was surprised to see the sign because it was big and clearly designed. Of course, the bank looked a little strange. There was a new Korean restaurant called "Pyongyang Restaurant" right next to the bank, in the same building.

Two personnel were in the bank: One was Austrian and the other was North Korean. When I entered the bank, they seemed to be surprised, as if I were an unexpected "invader." Speaking in German, they said something to the effect that the "general public is prohibited from entering the bank," but they did not hustle me out the door. There were no portraits of President Kim and Secretary Kim, which are displayed in most North Korean facilities. Instead, there was a large number of papers and magazines written in Korean piled on the desks. The atmosphere of the bank was completely different from that of common banks.

It was on 1 March 1991 that the "Golden Star Bank" relocated to Kaiser Street, which is a downtown area in Vienna. Before that, the bank was located in a building on Barbenberger [name as published] Street near the Opera House in the main downtown area.

Strange Personnel Reshuffle

According to a "Golden Star Bank" business activity report submitted to a Vienna trade court, the bank is fully capitalized by Taesong Bank, the main office of which is located in Pyongyang, North Korea. Its capital is 30,000,000 shillings (approximately 360 million yen [Y]). The "Golden Star Bank" has an auditors council and a committee composed of local executives. The president and the vice president of Taesong Bank, which is a parent bank of "Golden Star Bank," participate in the annual executives meeting.

What draws our attention is that Taesong Bank President Chon Myong-hui [name as published], who was auditor council chairman—an indisputable position—disappeared from the personnel list in 1990, and in 1992, all the members of the auditors council were reshuffled. Moreover, the name of Korean Trade Bank Vice Chairman Kim Yun-sik [name as published], who controls North Korea's national finances, suddenly appeared on the list as the new vice chairman of the auditors council. A related source points out that "this reflects the fact that demarcation between Secretary Kim's personal financial source and national finances is becoming hazy."

There have also been strange changes in Golden Star Bank's business activities. According to its financial report, in spite of an annual loss of about 10,000,000 shillings until 1987, the Golden Star Bank suddenly started to yield a profit in 1988, and actual banking funds started to increase. In 1988, there were 64,000,000 shillings in funds, followed by 96,000,000 shillings in 1989. In 1990 and 1991, funds exceeded 100 million shillings (approximately Y1.2 billion).

According to the report, in 1991, most of funds were on account; therefore, as far as the 1991 report is concerned, it is clear that the Golden Star Bank was established not to invest in foreign nations, but to park funds.

Such a bank deposit is very much like the personal secret accounts held by senior leaders in East Germany's former Honecker administration. The existence of their secret accounts came to light when East Germany collapsed. The existence of money amounting to over Y1.2 billion listed in the official report hints that, in fact, there are huge amounts of secret funds other than the officially reported Y1.2 billion. Incidentally, it is estimated that in the case of former East German State Council Chairman Honecker, who is on trial now, "he had deposits of at least 20 billion Deutsche marks (approximately Y1.6 trillion) in his secret account" (said an informed source).